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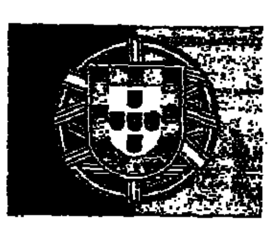

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Page 2

FINANCIAL TIMES

Europe's Business Newspaper — THURSDAY APRIL 14 1994 — D8523A

Tenneco may spin off JI Case farm equipment group

Tenneco, Texas-based industrial company, is considering spinning off its JI Case division, based in Wisconsin, a leading manufacturer of farm and construction equipment worldwide. John Stark, editor of a Chicago newsletter that follows the heavy equipment industry, believes Tenneco will announce plans for a Case spin off this month. Tenneco said it could not comment on rumours about possible strategic actions. The company has been carrying out a big restructuring and cost-cutting effort for two years. Case last year reversed a $1bn 1992 loss, reporting operating income of $82m. Page 17

Labour standards spark dispute: Ministers from developing countries railed against moves by industrialised nations to include labour standards in trade negotiations, saying they were motivated by protectionism. Page 16; EU countries lose sight of solidarity, Page 5

Brussels to take Greece to court: The European Commission is to take Greece, current holder of the EU presidency, to court to force it to lift its blockade of Macedonia. Page 16

Hopes raised for Bosnian negotiations

Russia's chief negotiator in former Yugoslavia, Vitaly Churkin, said he had won a promise from Bosnian Serb leader Radovan Karadzic (left) that the Serbian onslaught against the Moslem enclave of Gorazde would not be resumed. The pledge offered a glimmer of hope that negotiations on the republic's future can resume. Page 16; *Sarajevo hangs between war and peace, Page 3*

Hedge funds 'no threat' to US system: US financial regulators told Congress they needed no new powers to deal with potential risks posed to the financial system by hedge funds. Page 4

Buthelezi seeks change of election date: Chief Mangosuthu Buthelezi, Inkatha Freedom party leader, demanded that mediators in South Africa's constitutional conflict consider a new date for all-race elections due this month. Page 6

Refugees flee Rwandan capital: Rwandan rebels and government troops fought pitched battles in the capital Kigali yesterday as more than 100,000 refugees left the city. Page 6

Philip Morris, the US food, beer and tobacco group that makes Marlboro, the world's biggest-selling cigarette, is considering splitting its tobacco operations from the rest of the business to limit the damage caused by the difficulties afflicting its domestic tobacco side. Page 17

British Coal sell-off: The UK government said it expects to complete sales of British Coal's pits by the end of the year as it released details of the packages available in its "ultimate privatisation". Page 8; Lex, Page 16

Gun lobby fails to oust Senator: The US gun lobby has suffered a political setback with the failure of its attempt to unseat Californian state senator David Roberti, who sponsored a 1989 law to ban the sale of assault rifles. Page 4

Deadlock on new speaker: Italy's victorious Freedom Alliance is deadlocked over choosing candidates for the key positions of speaker in the chamber of deputies and in the senate, underlining the serious differences that continue to dog the formation of a new government. Page 2

Michelin pushed into deficit: Depressed European markets and the costs of restructuring pushed Michelin, the world's largest manufacturer of tyres, into a net loss of FFr3.67bn ($625m) last year, the group said. Page 17

Unionists attack Mayhew: Assurances from Sir Patrick Mayhew, Britain's Northern Ireland secretary, that the Irish Republican Army will not be expected to "surrender" to join the peace process were attacked by unionists. Page 7

Tunnel fares to undercut airlines: Ticket prices for train services through the Channel Tunnel between London, Paris and Brussels will be set to undercut airline prices. Fare details are expected to be announced on May 17. Page 7

Egyptian police kill militant: Egypt said police killed Adel Awad Siyam, leader of a Moslem militant group which tried to blow up the interior minister last year, during raids on the group's hideouts. Thirty other people were arrested.

STOCK MARKET INDICES

FT-SE 100:	3145.8	(-13.3)
Yield	3.87	
FT-SE Eurotrack 100	1476.04	(-10.23)
FT-SE-A All-Share	1588.59	(-0.3%)
Nikkei	20,060.41	(+412.08)
New York: lunchtime		
Dow Jones Ind Ave	3664.74	(-16.95)
S&P Composite	445.38	(-1.69)

US LUNCHTIME RATES

Federal Funds:	3¼%
3-mo Treas Bills: Yld	3.642%
Long Bond	88
Yield	7.235%

LONDON MONEY

3-mo Interbank	5¼%	(same)
Liffe long gilt future:	Jun 108⅛	(Jun 107⅔)

NORTH SEA OIL (Argus)

Brent 15-day (June)	$14.55	(14.565)

Gold

New York Comex (June)	$379.9	(380.4)
London	$378.2	(378.0)

STERLING

New York lunchtime:		
$	1.4775	
London:		
$	1.4751	(1.4753)
DM	2.5275	(2.5356)
FFr	8.6435	(8.6713)
SFr	2.1273	(2.1371)
Y	152.955	(152.43)
£ Index	80.0	(80.1)

DOLLAR

New York lunchtime:		
DM	1.71155	
FFr	5.86375	
SFr	1.4425	
Y	103.665	
London:		
DM	1.7135	(1.7188)
FFr	5.8598	(5.8779)
SFr	1.4422	(1.4487)
Y	103.695	(103.325)
$ Index	66.3	(66.4)
Tokyo close Y103.65		

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Peso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Esc225	Turkey	L15000
						UAE	Dh12.00

Kohl tells banks not to worsen Schneider crisis

Chancellor warns creditors against forcing troubled property group into bankruptcy

By David Waller in Frankfurt

Chancellor Helmut Kohl intervened yesterday in the financial crisis surrounding Jürgen Schneider, one of Germany's biggest property groups, warning creditor banks against rushing to force the company into bankruptcy.

Mr Kohl said banks should be mindful of their responsibility to jobs and businesses which depended on the company's continued survival.

According to a briefing after yesterday's cabinet meeting in Bonn, Mr Kohl and other ministers expressed concern about the Schneider group's troubles. Mr Günther Rexrodt, economics minister, has been appointed to head a task force to examine ways of limiting the impact of Schneider's problems on the small business sector.

The company was plunged into crisis following the disappearance last Friday of Mr Jürgen Schneider, the group's founder and chief executive. Schneider said yesterday the 59-year old entrepreneur's whereabouts were still unknown.

Mr Kohl's intervention precedes a meeting today of representatives of more than of 40 of the company's creditor banks.

■ Editorial Comment Page 15
■ 'Ask my bank', said Schneider before the fall Page 17

According to unconfirmed reports, the group owes a total of DM9bn ($5.2bn) – DM5bn to bankers and a further DM4bn to trade creditors.

It is widely expected that the group, based at Königstein near Frankfurt, will file for bankruptcy, a step which Mr Kohl's remarks seem designed to avert.

Schneider employs more than 2,000 people throughout Germany, but many thousand more jobs are at risk among the small businesses and craftsmen in the construction and building supplies industries.

Mr Hinrich Lehmann-Grube, mayor of Leipzig, the eastern German city where Schneider has a major presence, said at least 3,000 jobs in the Leipzig area depended on the troubled group. The IG Bau-Steine-Erde building union said the true figure for jobs at risk in the Leipzig region was 5,000 jobs. Chambers of commerce throughout Germany are asking local companies to register their exposure to Schneider.

The economics ministry stressed it was too early to calculate the exact consequences of the debacle as nobody – including the bankers who meet today – appears to have an overview of the group's assets and liabilities.

The politicians' early concern seems driven by the possible impact of job losses on this year's crop of regional and national elections.

An unconfirmed report in the authoritative Börsen-Zeitung newspaper said that about a dozen exclusively German banks were owed more than DM100m each by the company.

Deutsche Bank, Germany's biggest bank, is thought to have the biggest exposure, with credits outstanding of DM1.3bn. Mr Georg Krupp, the bank board member responsible for the loan, refused to comment yesterday.

Dresdner Bank, Germany's second biggest bank, is thought to be owed about DM330m, while Hypo-Bank, the big Bavarian property lending specialist, is thought to be the next biggest creditor with a loan of DM270m outstanding.

Commentators said the group's difficulties were comparable with those of Metallgesellschaft, the Frankfurt-based mining metals and industrial group which came to the brink of collapse earlier this year owing more than DM9bn. They said the losses likely to be sustained by bank creditors would be limited by the quality of lenders' security; in most cases banks lent against specific developments.

Property specialists said that although the group's failure would undoubtedly cloud sentiment in the German commercial property market, it was unlikely to precipitate a wave of collapses in the country's highly fragmented property sector.

Schneider is seen by many as a "special case", its problems caused by over-expansion at the top end of the commercial property market.

Israel braced as Hamas bus bomb kills six

By Julian Ozanne in Jerusalem

Israel braced itself for a surge of violence on Independence Day today after the Hamas Islamic resistance movement bombed a bus in northern Israel yesterday and vowed to turn the day's celebrations into "hell" and make "Zionists and settlers cry blood on their dead".

Six people were killed and 30 wounded in the bomb attack on a crowded bus in the town of Hadera. Many of the wounded were soldiers –the attack came during Memorial Day for the country's forces killed in Arab-Israeli wars.

The assault in the heart of Israel was the second in a week by Hamas, which is opposed to the Israeli-Palestinian peace talks and has vowed to make five attacks to avenge the massacre of 29 Palestinians by a Jewish settler in a Hebron mosque on February 25.

The bus bombing also coincided with a missed deadline last night for Israeli military withdrawal from the occupied Gaza Strip and West Bank town of Jericho. Right-wing religious parties called immediately for the cancellation of peace talks and the resignation of the government of Mr Yitzhak Rabin.

However, Mr Rabin, who called the attack a "despicable murder", said he was determined not to allow Islamic militants to wreck the fragile peace process.

"I am convinced the only answer to these murderers is not to allow them to succeed in their evil plot, which beyond the murder of Israelis is the murder of peace", he said.

Speaking in Strasbourg, Mr Yassir Arafat, Palestine Liberation Organisation chairman, condemned the killing of innocent Israelis which he said "strikes at the heart of the peace process".

But the PLO leader also launched a bitter attack on Israel, which he said had thwarted the talks with its policy of "mass killings, detention, imposing curfews and isolating towns".

By delaying implementation of the peace process, he said, Israel "causes these catastrophes because it gives the extremists

Continued on Page 16
Hamas bombers see death as a way to heaven, Page 6; Minutiae mask the big picture, Page 15

Coalition's warring factions call truce in power struggle

Hata close to being Japan's next PM

By William Dawkins in Tokyo

Japan's seven-party coalition yesterday moved closer to choosing Mr Tsutomu Hata, foreign minister and deputy prime minister, as the country's new leader.

The warring left and right wings of the alliance declared a conditional truce in the power struggle set off by last Friday's decision by Mr Morihiro Hosokawa to resign as prime minister. Neither side had managed to attract enough support to overcome the other, forcing socialist supporters to call a halt.

Coalition leaders now tentatively aim to put the new candidate to the vote on Monday in both houses of parliament and announce a new cabinet line-up the same day.

The prospect of the pro-business Mr Hata as prime minister cheered equity investors, lifting the Nikkei index by 2.1 per cent, or 412.08 points, to 20,060.41.

Mr Hata is an activist for political reform, a keen advocate of economic de-regulation and believes Japan should play a wider part in United Nations peacekeeping.

His closeness to Mr Ichiro Ozawa, joint leader of Mr Hata's Japan Renewal party, the dominant group on the coalition's right wing, may go down well in Washington, where Mr Ozawa is respected as a behind-the-scenes negotiator in the US trade dispute.

Mr Hata is due this evening to meet US Vice President Al Gore at the Gatt ministerial meeting in Marrakesh to discuss US-Japan relations, including the deadlocked trade talks. He returns to Tokyo on Sunday.

The coalition has not yet formally adopted Mr Hata as its candidate – and one of its smaller members, the New Harbinger party, refused to negotiate yesterday – but there are no rivals with a chance of commanding majority support.

The alliance looked well on the way to breaking up early this week, but it now appears it will merely miss its end-of-week deadline for choosing a prime minister by a few days.

The left wing's decision to end its breakaway bid came in response to a plea for coalition unity from Mr Akira Yamagishi, president of Rengo, the 8m-strong trade union confederation, a powerful backer of the Social Democratic party, which is the largest coalition member and leader of the left wing. Mr Hata is "the most likely candidate", said Mr Keigo Ouchi, leader of the Democratic Socialist party, an SDP partner.

Until yesterday, the SDP and its allies were reluctant to accept Mr Hata because they feared this would strengthen Mr Ozawa's dominance and pull the coalition to the right. They still feel suspicious, indicating the next government might be as unstable as the current one, but accept that Mr Hata may be the only option.

Mr Ozawa yesterday insisted coalition members should reach "at least a rough agreement" on the main issues facing the next government, such as tax reform, deregulation and a response to North Korea's suspected nuclear arms programme. The socialists differ with Mr Ozawa's supporters on all three issues.

Negotiations in the next few days are expected to focus on policy co-ordination and the make-up of the cabinet. Mr Wataru Kubo, deputy head of the SDP, was tipped yesterday as chief cabinet secretary. That includes being government spokesman and the prime minister's chief of staff, and may help assuage socialist fears of being dominated by the conservatives.

Tsutomu Hata, Japanese foreign minister and prospective prime minister, leaves Tokyo for trade talks in Morocco Reuter

UK government lifts lid on monetary policy discussions

By Peter Norman and Philip Coggan in London

The extent of disagreements between Mr Kenneth Clarke, the UK chancellor of the exchequer, and Mr Eddie George, the governor of the Bank of England, over interest rate cuts and their assessment of the pace of economic recovery were revealed yesterday.

The disclosures came as another layer of secrecy from British monetary policy-making was removed when Mr Clarke published details of his monthly meetings with Mr George in January, February and early March. He also announced that minutes of later meetings will be released about six weeks after they have taken place.

The decision, which marks a further step towards greater openness initiated after the debacle of Britain's exit from the European exchange rate mechanism in September 1992, brings the UK broadly into line with US practice where the minutes of the Federal Open Market Committee are released after some delay. Publication of the next set of UK minutes, covering the meeting of March 30, has been set for May 18.

Although at the January meeting Mr George recommended a "bias towards easing" in monetary policy, the minutes show a consistent pattern of the chancellor being more willing to consider interest rate cuts than Mr George. Contrary to some of his public pronouncements, Mr Clarke appears less confident of the strength of recovery in the run-up to this month's tax increases, while Mr George sees "upside risks" of higher inflation.

The minutes disclose that the February meeting, when the two finally agreed to cut base rates to 5.25 per cent from 5.5 per cent, ran over two days, and not one as originally thought. At that meeting Mr George "strongly advised against" a rate cut, fearing it would run the risk of higher inflation and some loss of credibility. Mr Clarke "thought an immediate ½ per cent reduction would be justified" but "saw advantage in a ¼ per cent cut."

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NEWS: EUROPE

Polite differences in the rich country club

Martin Wolf and **David Buchan** on a contest for the leadership – and future direction – of the OECD

If knowledge is power, then the Organisation for Economic Co-operation and Development must be one of the most powerful institutions in the world.

Unlike the World Bank and International Monetary Fund, it has no money to lend. Unlike the General Agreement on Tariffs and Trade it oversees few agreements and offers no formal mechanism for settlement of international disputes. Instead, it provides its 24 industrial country members – a club of the world's most powerful economies – with a neutral civil service, a meeting place and a wide-ranging publication programme.

Into this quiet and even grey world has been introduced an equally polite, though determined, political battle to become the organisation's secretary general – and a related contest over its future role in a much-changed world economy.

In what has often been dismissed as a talking shop, the OECD's secretary general, Mr Jean-Claude Paye, suddenly finds himself faced with three rivals for the post he has held for the past 10 years.

Jean-Claude Paye, left, with Austrian Chancellor Franz Vranitzky at the opening yesterday of an informal OECD ministers meeting

Challenging the French incumbent are Mr Donald Johnston, a former Canadian minister who is strongly backed by the US, and two other European candidates – Lord Lawson, the former UK chancellor of the exchequer, and Mr Lorenz Schomerus, a senior German economics ministry official. The race will be decided at, or before, the OECD's ministerial meeting in June.

Tucked into one of the nicest parts of Paris, the OECD began life as the overseer of the post-war Marshall Plan aid. But, with European recovery assured, it acquired its present wider character in 1961. Again, in the much-changed international economy of today, the question for Mr Paye and his rivals is how the organisation should develop.

A decision to keep Mr Paye on would be a vote for continuity, as would selection of Mr Schomerus. The German official is little known outside OECD circles, where, significantly, he chairs the same steering OECD body, known as "the executive committee in special session", as Mr Paye did when he was chosen 10 years ago.

Neither of the outside candidates is preaching drastic change. Mr Johnston talks of the need for "evolution, rather than revolution", while Lord Lawson acknowledges that Mr Paye "has done a very competent job".

Both men stress the OECD's need to play a more global role. The difference is that Mr Johnston believes this should be done through more dialogue with, and study of, non-OECD parts of the world, while Lord Lawson believes the OECD should be better at broadcasting around the world its message of "the promotion of economic development through economic liberalism".

Mr Johnston's contention that it is time to break the European monopoly on the OECD's top post – particularly now that the Europeans increasingly handle their own economic affairs through the European Union – clearly appeals to non-European members. Japan, Australia and New Zealand are believed to be leaning in his direction. By contrast, the only public backing that the three European candidates have is from their own governments.

The other difference lies in campaign tactics. Mr Paye is relying on the advantages of incumbency, Mr Schomerus has been busy in Marrakesh this week representing Germany in the Gatt, while Lord Lawson is slightly raising the low profile of his campaign by visiting Canberra this week and lunching with with OECD ambassadors in Paris next week.

By contrast, Mr Johnston is doggedly carrying his lobbying to the capitals of all 24 members, including Iceland. So far the public sign that any of this campaigning might actually have a sharp edge came last month when he was quoted in Paris as saying the OECD was "too bureaucratic" and did not respond to its members' needs. He had found "a great sense of frustration" among members.

This contrasts with the consensual procedure by which OECD chiefs traditionally emerge. Each member has an equal veto on the final choice.

The OECD is not a large organisation. With a budget of some FFr1bn (£120m) and 1,900 employees (600 of whom are professionals, mostly economists), it is severely stretched. Its well-known publications – such as the Economic Outlook and the economic surveys of individual countries – are a small, albeit high profile, part of what the OECD does. Concealed behind them is a never-ending round of meetings among senior national officials, serviced by the secretariat.

These meetings help governments learn from one another. Equally important, they help them understand one another. Failures in economic prediction, shared by most forecasters, have undermined confidence in the OECD's own economic output. But the forecasting does not matter that much. Reports still remain valuable to outsiders as sources of analysis and data.

They are also useful for insiders, not least finance ministers wanting to wave something with credibility in the faces of recalcitrant national colleagues.

Mexico will today be formally invited to join the OECD as its first new member for more than 20 years. South Korea would like to become its first member from the Asian mainland next year, while several central European countries are preparing their candidacies.

Brussels adopts plan to set up works councils

By David Gardner in Brussels and David Goodhart in London

More than 1,000 pan-European companies will have to set up elected works councils under a proposal adopted by the European Commission yesterday.

The plan, mired in controversy for nearly 20 years, is to ensure that workers' representatives in companies employing more than 1,000 people, and more than 100 in at least two member states, are consulted and informed on cross-border business decisions which affect them.

EU labour and employment ministers will discuss the proposal next Tuesday, after which it will get a fast-track first reading from a supportive European Parliament.

Ministerial approval is expected in June, with formal adoption in October after a second parliament reading.

The UK, which held up the last Commission proposal on mandatory works councils for three years, and has an opt-out from the Social Chapter of the Maastricht treaty, will not have to put the EU directive on its national statute book.

But "there are still a lot of UK companies in the net," one Commission official said. Only UK companies on the continent will be covered, but the Commission expects works councils to seep into the UK because many transnational companies will respond to union pressure for common information and consultation rules.

The reworked Brussels plan replaces a uniform structure for compulsory consultation with provision for individual voluntary agreements at company level.

But if these are not reached two years after the directive is adopted, a set of minimum requirements on information and consultation will be imposed if 500 workers demand them.

But the final draft of the directive makes it clear that UK employees of UK multinationals will not count towards the thresholds at which the directive becomes applicable. There is also no requirement on pan-European companies to invite their UK employees to participate in the works councils.

Only about 90 British multinationals are expected to be affected by the European Union works council directive as opposed to about 300 under the original version.

This was welcomed last night by Mr Howard Davies, director general of the Confederation of British Industry, who said: "That in itself is a good thing, but we are still opposed to the principle of the directive."

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Portugal privatisation programme starts to run out of steam

Country must widen the appeal of sell-offs after a shortfall in forecast revenues, writes **Peter Wise**

Measures to advance "popular capitalism" in Portugal are driven by a pragmatic need to rescue a flagging privatisation programme and ideological moves to convert a nation of savers into investors.

Mr Eduardo Catroga, the finance minister sworn in after a cabinet reshuffle in December, plans to alter the centre-right government's approach to privatisation by offering small savers discounted shares in state-owned companies.

He has shifted the emphasis of privatisation and departed from the tenets of the programme, begun in 1989, which aimed to raise the maximum possible revenue for the state. The minister, calling this detrimental to the long-term success of denationalisation, has said it should be replaced by more important objectives.

The new priority is to make privatised companies attractive enough to small savers and to disperse the capital to a wide base of shareholders. This would keep privatised companies in Portuguese hands, despite the weak financial capacity of Portuguese business groups. It would also stimulate the stock market, where privatisation operations have so far failed to mobilise many small investors or significantly increase liquidity.

"The thinking behind the 'popular capitalism' proposals is more practical than philosophical," said Mr Alfredo de Sousa, economics professor and president of a ratings company "The government needs to shift the country's savings out of bank accounts into more risky investments in the economy. But such measures face technical problems and are unlikely to be successful for long."

PRIVATISATION TIMETABLE

Company	Sector	Date	% to be privatised
Secil/CMP	Cement	April 1994	80/58
Rodoviaria da Estremadura	Transport	by July 1994	100
Uniao de Bancos Portugueses	Banking	by July 1994	20
Bonanca	Insurance	by July 1994	25
Cimpor (1st tranche)	*Cement*	*July 1994*	*20*
Banco Pinto Sotto e Maior	Banking	August 1994	80
Rodoviaria do Sul do Tejo	Transport	by January 1995	100
Banco de Fomento e Exterior	Banking	by June 1995	undecided
Cimpor (2nd tranche)	Cement	by June 1995	20-25
Banco Portuguese do Atlantico (4th tranche)	Banking	by June 1995	25
Rodoviaria de Lisboa	Transport	by June 1995	100
Portugal Telecom	Telecom	by June 1995	20-30
Electricidade de Portugal	Power	by June 1995	20-25

Mr Catroga plans to widen the appeal of privatisation operations following a 1993 shortfall in forecast revenues partly due to recession. Only Es70bn (£270m) was raised against a predicted Es225bn. The government failed to sell a bank, a cement producer and a steel company because the bids were either too low or no offer was made.

The government hopes to earn Es200bn from the sale of state-owned companies this year. But instead of focusing on the sale of indivisible blocks of capital to companies and institutional investors, Mr Catroga plans to float more shares on the stock market.

"He aims to convert the cautious Portuguese, sitting on their savings, into small-time capitalists prepared to take bigger risks in the hope of bigger rewards," said a Lisbon stock market analyst. Potentially, huge funds could be mobilised – Portuguese are among the biggest savers in Europe, hoarding between 17 and 18 per cent of income.

Interest rates on deposit accounts, where most Portuguese savings are placed, have been cut substantially over the past two years due to tougher competition between banks and falling inflation. Some small savers have moved tentatively into unit trust funds, where the gains have been much bigger, but most remain wary of the stock market.

Over the next two years the government will try to encourage them to invest in some of the biggest privatisation operations attempted in Portugal, including sale of stakes in telecommunications and power utilities, cement, banking and insurance. The government estimates privatised companies will represent 50 per cent of stock market capitalisation by the end of 1994 compared with a current 37 per cent.

Mr Catroga's ability to offer shares at a discount will be determined by at least two independent valuations as stipulated under the privatisation law. "The legislation allows us to offer shares to small savers at the minimum price evaluated," he said, whereas the prices for companies, groups and institutional investors would be closer to the maximum price fixed by the valuers.

Analysts say the government would have to offer big tranches to smaller savers to reinvigorate the bourse. Previously, business groups have paid high prices for privatised companies in stock market flotations; and having won control then showed they had no further interest in trading, offering little hope of capital gains for small investors.

A hurdle facing the "popular capitalism" proposals is that the stock market is falling, making small investors reluctant to buy shares even at a discount. Procedures to determine exactly who qualified for cheaper shares could also be complex.

"The ultimate difficulty will be that, after a short time, big investors will begin financing small savers to buy shares on their behalf and undermine the whole scheme," said Mr de Sousa.

The government believes mobilising small investors to participate in the privatisation programme will also help keep companies under Portuguese control, given that domestic businesses cannot match the financial capacity of foreign competitors.

But Mr Catroga appears to have acknowledged that this is not sufficient protection. He also proposes a variety of means, including "golden shares" carrying management veto rights, by which the state would be able to maintain control of strategic companies.

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EUROPEAN NEWS DIGEST

Russia steps up airline safety

Russia's air transport minister yesterday announced plans for a 2 per cent levy on airline revenues to fund tighter supervision of the country's fragmented airline industry. The new controls follow last month's Airbus crash in which children were believed to have been learning how to fly. The controls would include the issue of regular proficiency certificates to airline staff.

The government has also approved a long delayed document transforming Aeroflot-Russian International Airlines, the state-owned national carrier, into a joint stock company, which means it can be privatised. It is not clear whether the company will be able to resist staff pressures for its break up into four staff-owned carriers.

The Russian airline industry, which has already broken up into dozens of mini-carriers, needs consolidation to withstand international competition and its credibility has been so damaged that the International Airline Passengers' Association yesterday warned its members not to fly over any part of the former Soviet Union. *Leyla Boulton, Moscow*

Moscow investment tax worry

A senior Russian minister yesterday evaded western companies' worries that they may have to pay an 18.7 per cent tax on investments in Russia at a time when the country says it is desperate for foreign capital. Foreign investment may be affected by the December presidential decree which taxed loans in an attempt to fight Russian enterprises dodging VAT by making tax-free payments in the form of fake "loans".

Mr Steve Hasson, tax partner at Price Waterhouse, said the new Russian move could "hit inter-company loans from western parent companies to a Russian subsidiary, loans from the EBRD and the World Bank, as well as western commercial bank loans." Mr Alexander Shokhin, deputy prime minister responsible for the economy, hoped that President Boris Yeltsin's earlier decree to protect existing foreign investment from mid-stream tax changes would override the latest decree. *Leyla Boulton, Moscow*

Germans build electric van

Daimler-Benz, Germany's largest industrial group, yesterday unveiled an experimental hydrogen-powered electric van which runs on fuel cells, converting chemicals directly into electricity without the need to burn fossil fuels. Daimler-Benz is among several companies in Japan, the US and elsewhere working on fuel cell technology for transport and power generation. In the production of the van, Daimler-Benz co-operated with Ballard Power Systems of Canada, which developed a fuel-cell bus operating in Vancouver.

This technology utilises highly efficient electricity production without noxious exhaust gasses and with less carbon dioxide than conventional engines. The equipment is still too heavy and the cost too high for fuel cells to enter commercial use yet. Mr Firoz Rasul, president of Ballard, said it would take less than 10 years for the problems to be resolved, adding that California's tough new emission laws would act as an important spur to fuel cell technology. *Andrew Fisher in Ulm*

Warning to Turkey on Kurds

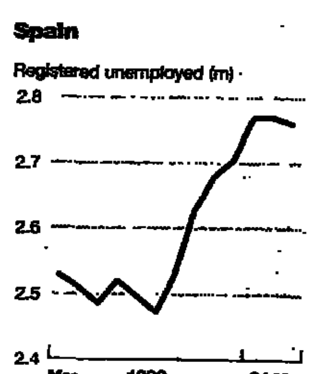
Germany yesterday warned the Turkish government against military excesses in its campaign against Kurdish separatists in south-eastern Turkey, days after German arms shipments were stopped after parliamentarians said they were being used against Kurds. "The Kurdish question can only be solved peacefully on the basis of an agreement between the Turkish government and the Kurds," Mr Klaus Kinkel, foreign minister, told the Bundestag. The question of German arms shipments to Turkey, which were halted on Friday, has topped the political agenda in recent days. A similar case, following delivery of German tanks in April 1992, cost the then defence minister his job. Mr Kinkel (pictured above, left, with Chancellor Helmut Kohl) said Mr Hikmet Cetin, Turkish foreign minister, had repeatedly assured him that German arms were not being used against the Kurds but only for defence of Turkey's borders with Syria and Iraq. *Michael Lindemann in Bonn*

Council of Europe chief elected

The 32-nation Council of Europe has elected a Russian-speaking Swede to be its new secretary general, at a time when the biggest political problem facing Europe's premier human rights organisation is how to respond to Russia's application to join. Mr Daniel Tarschys, a 50-year-old former Swedish conservative MP, was elected on Tuesday, beating Mrs Catherine Lalumière, a French socialist who has been secretary general for the past five years. Behind Mr Tarschys' success was said to be the belief that the Council needed the Swede's Russian expertise in gauging how to respond to the membership applications that have been filed by Russia, as well as Belarus and the Ukraine. *David Buchan in Paris*

ECONOMIC WATCH

Spanish unemployment declines



Source: Datastream

Spain's registered unemployed fell by nearly 15,000 to 2.76m or 17.92 per cent of the workforce in March, the labour ministry said yesterday. This fall compares with a rise of 57,725 in March 1993. "This shows a change in the employment trend, confirming increases in hiring and placements, higher levels of occupation and a certain improvement in economic activity," the ministry said. The number of placements in March was up 26 per cent from March 1993 at 489,130, which the ministry says is the highest monthly figure registered since 1985. Apprenticeship and training contracts in the first quarter of 1994 were up 114 per cent from a year earlier to 64,179.

■ German consumer prices rose 2½ per cent on a seasonally-adjusted year-on-year basis in the last three months stripping out a rise on oil taxes from the start of this year, the Bundesbank reported yesterday.

■ The Netherlands' February year-on-year retail sales of non-food and durable goods edged up by 0.2 per cent in real terms but were up 1.5 per cent in nominal terms.

■ France's current account widened to show a seasonally adjusted surplus of FFr16.08bn ($2.75bn) in January after a FFr15.68bn surplus in December. Before seasonal adjustment, there was a FFr12.5bn surplus in January and a FFr16.14bn surplus in December.

هكذا من الاصل

مكتبة الأهرام

Italian allies split over key posts

By Robert Graham in Rome

The parties of the Freedom Alliance in Italy are deadlocked over the choice of candidate for the key positions of speaker for the chamber of deputies and Senate in the new legislature.

The disagreement underlines the serious differences that continue to dog the formation of a new government in the wake of the Freedom Alliance's overwhelming victory in the general elections held at the end of last month.

A meeting to resolve the deadlock, due to be held yesterday, was postponed at the last moment without explanation.

The postponement was preceded by a meeting between President Oscar Luigi Scalfaro and Mr Silvio Berlusconi, the media magnate. Mr Berlusconi is the man considered most likely to be asked to form the next government after the strong polls performance of Forza Italia which he heads.

The choice of speakers for the two houses of parliament is the essential first step in the opening of the new legislature. This will take place tomorrow and precedes the formal consultations of the president on the formation of a new government.

The most difficult choice concerns that of speaker for the Senate, where the Freedom Alliance failed to obtain an absolute majority of the 320 seats.

The Alliance won 154 seats. It consisted of three main parties – Forza Italia, the populist Northern League and the neo-fascist MSI/National Alliance – plus the rump of the former Christian Democrat party, the Christian Democrat Centre (CCD).

The League has been arguing that the choice has to come from within the Alliance and has been proposing its own senator, Mr Francesco Speroni.

However, Mr Berlusconi and Forza Italia have been reluctant to endorse Mr Speroni, both because he comes from the League and because he is seen to lack the diplomatic talents necessary for such an institutional role. The Senate speaker automatically steps in for the president of the republic.

Mr Berlusconi has also been looking for someone capable of attracting some eight small party senators, including the two Radicals, to ensure an upper house majority.

This has led to talk of Mr Giovanni Spadolini, the outgoing Republican speaker and former prime minister, being asked to stay on. But the League has placed a firm veto on Mr Spadolini.

Alternatively, Forza Italia has suggested a senator from its ranks – Mr Cesare Previti. However, yesterday the MSI proposed its own candidate, Mr Giulio Maceratini, a member of the national executive and a deputy in three legislatures.

In the case of the chamber, the League has again been touting one of its leading figures, Mr Roberto Maroni. However, Mr Maroni seems more likely to be earmarked for a senior position in the new cabinet.

This could leave the way open for one of the veteran politicians who has changed sides to back Forza Italia such as the long-time Liberal deputy, Mr Alfredo Biondi.

These difficulties also reflect the intense bargaining going on over the composition of the next government.

Mr Berlusconi is under pressure to draw his ministerial team from within the Freedom Alliance but he has discovered in recent days a paucity of ministerial talent. This has led him to look elsewhere, including an approach to some members of the government led by Mr Carlo Azeglio Ciampi such as Mr Piero Barucci, the Treasury minister. The latter is understood to have turned down the overture.

It is now thought unlikely that President Scalfaro will formally request Mr Berlusconi to form a government until after April 25.

This is because big demonstrations are being planned for April 25, the day celebrating the anniversary of the liberation from fascism. The demonstrations are expected to have a special poignancy, given the likely inclusion of MSI members in the new government. The party is still inspired by the ideals of Benito Mussolini against whom together with Nazi allies, the liberation was directed.

Balladur pledge on labour reform

By David Buchan in Paris

Prime Minister Edouard Balladur yesterday said he would not be deflected from reforming the country's labour market and claimed that success in halting the rise in French unemployment was "within reach".

Mr Balladur returned to the issue of labour reform for the first time since his controversial measure to cut wages for short-term apprenticeships was abandoned following angry mass street protests.

Speaking at a jobs conference organised by the Patronat employers' federation, the prime minister delivered what he called "a message of encouragement and hope in the future". He said the increase in job-seekers in the past three months was only one-sixth of its level in spring 1993, while the number of unfilled vacancies and apprenticeships was rising. He appealed to employers and union leaders to make his employment law work.

Among other things, this provides for the two sides of industry to negotiate shorter, but more flexible working hours than permitted under edicts dating back to 1936-37 and which still govern much of French labour practice.

Mr Balladur yesterday faced an unemployment debate in the National Assembly tabled by the Socialist opposition. Because of his slim parliamentary majority, Mr Balladur was in danger of losing the censure motion. However, disputes within the UDF on the unrelated issue of the forthcoming Euro-elections played in favour of Mr Balladur.

The Republican party, which is the largest element in the UDF federation, has been threatening to form a separate parliamentary group, out of pique at not getting their man put at the head of the government Euro-election list.

In the end, they decided to stay in the UDF fold in the short term, but in a swipe at the federation's leader, former President Valéry Giscard d'Estaing, said they would back "a new candidate rather than candidates who have already taken part in previous elections" in the 1995 presidential poll.

● Support for Mr Balladur has fallen nine points since youth protests last month, according to a poll yesterday.

Rivals jockey to succeed Papandreou

By Kerin Hope in Athens

Gerasimos Arsenis, left, and Costas Simitis: contenders to succeed Pasok leader Andreas Papandreou, pictured with his wife Dimitra

So many prominent Greek socialists have stressed the importance of party unity ahead of today's conference of the ruling Panhellenic Socialist Movement that ordinary delegates are arriving in Athens fearful that Pasok unity might actually be under threat.

The tension has to do with Prime Minister Andreas Papandreou. He is 75 years old and suffers from heart problems but in the six months since the socialists' triumphant return to power, he has given no hint of who might succeed him as party leader.

Though the leadership question will not be raised officially, according to congress organisers, cracks are almost bound to appear in Pasok's facade of consensus. Debate in the corridors will be sharp, with potential contenders vying for support among the 2,000 delegates for a contest expected next spring, at the latest.

That is when 88-year-old President Constantine Karamanlis, who is even more frail than the prime minister, is due to step down. Though Mr Papandreou professes reluctance to become head of state, a ceremonial post, his young wife Dimitra, now becoming more active in politics, could persuade him to take the job.

However, the party is so closely identified with Mr Papandreou, its founder, that potential successors are anxious to avoid provoking a confrontation in the meantime.

The leading candidate, Mr Akis Tsochatzopoulos, the central committee secretary, bases his claim on little more than unswerving loyalty to the prime minister.

Two other frontrunners with sounder political credentials, the defence minister Mr Gerasimos Arsenis and industry minister Mr Costas Simitis, are both tainted by having criticised Mr Papandreou publicly in the past.

Yet without a clear signal of support from Mr Papandreou, none of the half-dozen contenders can hope to rally the party's diverse factions, ranging from purist Marxists to "populists", "modernisers", and "pro-Europeans".

With two polls in the offing – European elections in June and local government elections in October – the conference must repair divisions over government policies on reducing the public sector deficit and introducing fiscal reforms.

The finance ministry's latest bill, which attempts to broaden the tax base and crack down on tax evasion, is already being modified to meet demands from different interest groups. It will be more difficult to head off an attack by delegates representing militant public sector trade unions, who oppose the socialists' plans for partial privatisation of utilities.

Since its last congress in 1990, Pasok has managed to transform itself, with a fair amount of success, from a radical movement based on marxist principles to a social democrat party on the western European model.

Mr Papandreou's anti-American rhetoric and vociferous support for radical regimes such as Iraq and Libya, both calculated to annoy Greece's western partners, have disappeared.

So has much other ideological baggage carted along the "third road to socialism," which Mr Papandreou mapped out when he returned in 1974 from exile following the collapse of the colonels' dictatorship and launched Pasok.

Yet Mr Papandreou has been careful to balance improved ties with the US, where he will make an official visit next week, with concessions towards the old hardliners.

A new law stripping deposed King Constantine of his remaining property in Greece – a palace on the island of Corfu and a forest near Mount Olympus – as well as his Greek citizenship, was due to pass in parliament the day before the socialists' conference.

Sarajevo hangs between war and peace

Edward Mortimer and **Laura Silber** on deprivations in the war-ravaged capital

"What do I need a tram for? To ride around inside this prison camp? Nothing is better here."

"Gorazde? It's all the same to me. After what we've been through in the last two years, you become selfish. You only worry about yourself."

"Well, I suppose [the Nato air strike] is positive. They finally showed they can do something. But it wasn't much, considering what's happened in the last two years, and how we've suffered. None of us think it's the end."

"No, I'm an optimist as far as Sarajevo is concerned. I think the Nato ultimatum works. You see, we only take account of the news as far as it affects us personally."

Sarajevo, as the above comments gathered at random from its inhabitants suggest, is a city hanging between peace and war. Most people still live on meagre rations brought in by humanitarian agencies, which depend on an airlift run by the UN High Commissioner for Refugees. The airlift has been suspended since the air strikes against Bosnian Serb forces in Gorazde earlier this week – as it usually is at times of high tension. But the UNHCR built up significant stocks of food during March, when flights were uninterrupted, and now reckons to have supplies for at least 10 days.

To the visitor, Sarajevo displays an eerie calm. There is virtually no traffic in the streets, except for the famous trams and the white vehicles – some armoured – of the UN and Red Cross. A taxi charges DM50 (£20) for the mile or so from the PTT building, where the UN has its headquarters, to the Holiday Inn where the foreign press corps is holed up.

Life in the Holiday Inn is privileged by Sarajevo standards, but still far from luxurious. Parts of the building, including what was once known as "the safe restaurant", have been closed because of shell damage. The rooms that are still usable command, through cracked window panes or plastic sheeting, a view of two burnt-out skyscrapers, once the headquarters of a state-owned conglomerate, with a backdrop of red-roofed houses rising up towards the heights from which, until February, the shells were fired.

Running water is available only in the daytime (from about 9am) and rarely hot. Power cuts are frequent, but of late have been mercifully short. Meals, served in the "dangerous restaurant" (so-called because it is on the side more exposed to Serb snipers), are filling, if hardly gastronomic, and can be washed down with white wine from Mostar at $35 (£24) a bottle.

The label shows Mostar's famous bridge, as it was before Croat artillery destroyed it last October.

Telephone links survive only within the city, except for those privileged few with access to satellite phones. Both Reuter and the BBC have installed these in suites within the hotel, making other news media heavily dependent on their goodwill.

Outside the hotel is a broad boulevard running east-west through the city.

Westward it leads to the PTT, the airport, and Serb barracks at Lukavica, where until Monday those armed with suitable documents could cross into Serb-held territory. VIPs like Lord Owen and Mr Thorvald Stoltenberg, the peace mediators, can still fly in and out, but for journalists this week it once again became almost impossible either to reach Sarajevo or, if one is already there, to leave. For the vast majority of Sarajevo residents, going anywhere else remains a pipe dream.

To the east, it is a short walk from the Holiday Inn (if one braves the snipers) to the city centre, with its twin seats of government: the "presidency", which houses the battered but defiant state apparatus of the republic of Bosnia and Hercegovina; and the "residency", where the telegenic head of "BH Command", Gen Sir Michael Rose, holds court.

Every morning at 9.45 the press assembles in the PTT building for a briefing from Gen Rose's spokesman, Maj Rob Annink. This hapless, if well-meaning, Dutchman has been given the task of making a thoroughly abnormal situation sound normal.

Since Monday the Serbs have been making life quite nasty for the UN. Between 30 and 50 UN military observers are now being held hostage, or "under house arrest", in Serb-held territory. One has disappeared altogether.

But this, Maj Annink insists, is "an administrative matter" to be sorted out by quiet diplomacy rather than threats.

There is just one snag: the Serbs have cut off relations with the UN, which makes diplomacy rather difficult.

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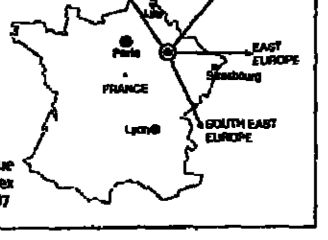

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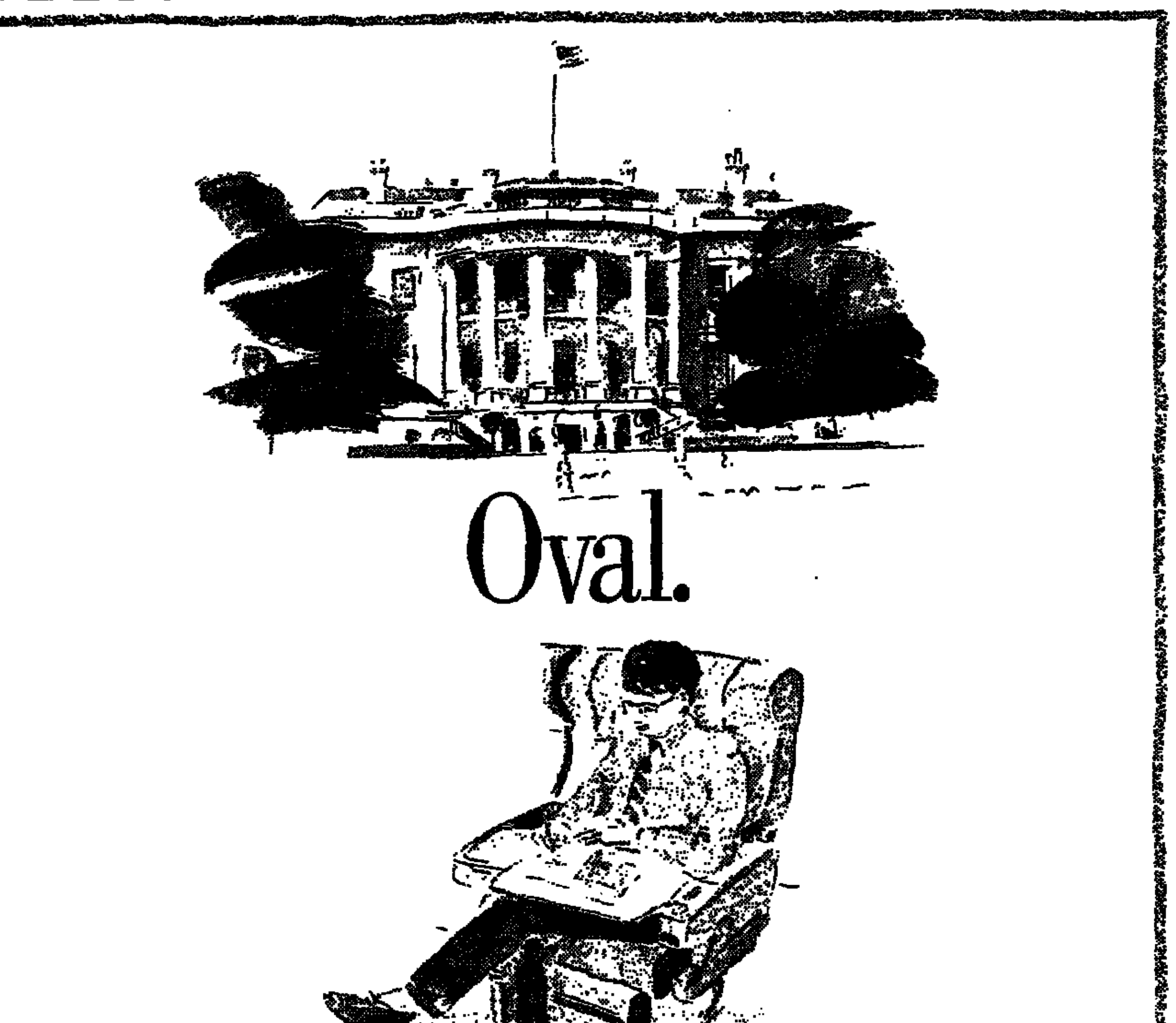

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Hedge funds 'no threat' to US system

By George Graham in Washington

US financial regulators yesterday told Congress they needed no new powers to deal with any potential risks posed to the financial system by hedge funds.

Hedge funds – private investment pools which are often aggressively managed and are usually structured to avoid direct regulation – have been blamed by various commentators for everything from the collapse of the European exchange rate mechanism to the recent drop in US bond prices.

However, a panel of regulators yesterday told the House of Representatives banking committee that these posed no significant threat to the banking system or the securities markets, and their treatment should be no different to that of other investors.

"Hedge funds do not pose a significant risk to the national banking system," said Mr Eugene Ludwig, comptroller of the currency, whose office monitors a large portion of the US banking system.

"It is important to recognise that hedge funds are not fundamentally different from other institutions," added Mr John Laware, a governor of the Federal Reserve Board, which also monitors some banks.

But Mr Arthur Levitt, chairman of the Securities and Exchange Commission, said he was "concerned about the risks that could be posed to our markets by the activities of some of these large, very active and aggressive hedge funds."

He said he had asked some of the largest funds voluntarily to give the SEC information about their market positions and trading strategies.

Congressman Henry Gonzalez, chairman of the banking committee, said he was concerned that hedge funds mights "amass enough financial clout to move markets."

But regulators said the influence of the hedge funds on market movements had been exaggerated.

Mr George Soros, whose Quantum Fund is regarded as the doyen of hedge funds and whose group manages more than $11bn, told the banking committee that more public forms of institutionally managed money, such as mutual funds, posed a bigger threat to market stability than hedge funds because they are "trend followers by definition", and thus more likely to exaggerate market movements.

"As far as my hedge funds are concerned, you are looking in the wrong place," Mr Soros said.

One other Congressional concern about hedge funds is the risk they might pose to the banks from which they borrow to leverage their trading operations.

Mr Ludwig said, however, that only eight of the banks under his supervision had any involvement with hedge funds, with exposures ranging from 0.09 per cent to 0.91 per cent of capital; their combined exposure was only $1.04bn, almost all of it covered by collateral such as government bonds.

After a morning of hearings, it became sadly clear, however, that few of Mr Gonzalez's colleagues on the committee had the slightest idea of what a hedge fund might be, and instead group them with derivatives in a catch-all category of vaguely menacing financial concepts.

More supervision for derivatives, Capital Markets page

Solid growth shown in US

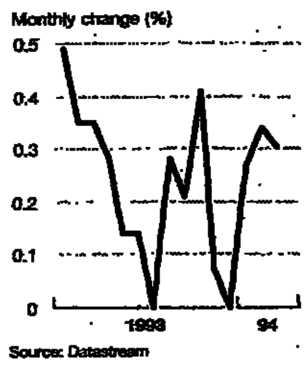
By Michael Prowse in Washington

The US economy saw solid growth and only modest upward pressure on inflation in the first quarter, in spite of distortions caused by bad weather, official figures indicated yesterday.

The Commerce Department said retail sales rose 0.4 per cent last month in cash terms, and by 8.9 per cent in the year to March.

The monthly gain was less than expected in financial markets, prompting an initial rally in bond prices. However, bond prices subsequently drifted lower again because

US Consumer Price Index



Source: Datastream

data for sales in previous months was revised up, suggesting greater strength of consumption at the start of the year than previously suspected.

Retail sales, excluding cars, were revised up by a total of 0.6 per cent in January and February.

Allowing for the revisions, the figures indicate real consumer spending may have grown at an annual rate of 4 per cent or more in the first quarter. Some analysts believe the economy will benefit from "catch-up" spending this month – a rebound in sales of building materials last month did not fully compensate for weather-related declines in January and February.

The consumer price index rose by 0.3 per cent last month and 2.5 per cent in the year to March, roughly in line with market expectations. The "core" index, which excludes the volatile components of food and energy, rose by 0.3 per cent and 2.9 per cent respectively.

Bond yields have risen steeply in recent weeks on fears that faster growth will lead to higher inflation. However, few analysts are surprised by the relatively subdued consumer price index. Nascent inflationary pressures usually show in commodity and wholesale price indices before being passed on to the consumer.

US puts social back into development

Stephen Fidler on a new world order vision revealed at the IADB annual meeting

Mr Lawrence Summers, the US Treasury's senior international official, mapped out this week a central role for the regional development banks in a new world order.

If Mr Summers has the influence many believe he has in the administration of President Bill Clinton, the potential consequences for the Inter-American Development Bank and the other regional banks are significant. For the IADB, they imply new opportunities and big risks, taking it into areas into which it has never before ventured.

"Regional development banks are as important to the new world order as the regional security organisations were to the old one. For just as the regional security organisations were directed to the central challenge of combating communism, so the regional development banks are directed to the central challenge of shared prosperity," he told the IADB's annual meeting in Guadalajara.

The IADB was created in 1959 and in its early years was essentially a provider of project finance to governments. Its deliberations came to be marked by hostility between the US and Latin American governments and the resultant mutual mistrust still has its echoes in the bank today. During the 1980s the bank was mobilised to provide more balance of payments support to the region's debt distressed governments, and authorised to provide supporting finance for debt rescheduling deals.

Its eighth replenishment of capital agreed this week – which takes its overall capital base past $100bn (£68.4bn) – will allow it to lend perhaps $7bn a year indefinitely and ends the need for the four-yearly return to government shareholders for money. The co-operative spirit in which the negotiations were handled suggested a sharp contrast to the shareholder hostility of the past.

But as the complex agreement that backed the capital increase testifies, it gives the bank a far more difficult task than building dams and providing balance of payments support.

The bank is undergoing an internal re-organisation – which is likely to include a decentralisation and the movement of perhaps 10 per cent of its operational staff from Washington to the region – but it remains to be seen whether it can be shaped into an effective force in dealing with these new issues.

The bank's president, Mr Enrique Iglesias, is widely acknowledged as an accomplished diplomat who has succeeded in shifting the IADB to the centre of the region's development effort. But his strength is not in the internal management of the bank, and responsibility for that will fall on the shoulders of Ms Nancy Birdsall, his number two, who by tradition is a US citizen.

As one European observer suggested, the capital increase agreement bears more than a slight resemblance to the European social charter. Social equity, poverty alleviation, improving the functioning of governments, environmental responsibilities are all now part of its remit. "There can be no economic growth without a stable society," the agreement concludes.

As described by Mr Summers, the bank should be the means of extending the Clinton administration's vision for the US to Latin America. Labour and environmental considerations, the strengthening of democracy and judicial systems, the tackling of corruption, the encouragement of strong labour unions and effective legislation protecting workers' rights all figured in his wish list.

For the moment, at least, Latin America and the US are singing from the same hymn sheet. The approval of the North American Free Trade Agreement and the promised Summit of the Americas in Miami in December have together fostered the impression that the US is seeking to improve relations with the region that patronisingly used to be known as its "backyard".

Mr Summers's comments were for the most part greeted positively because Latin governments also, increasingly, have similar priorities. Finance ministers are conscious that their efforts at economic reform have left important social problems untouched. Minister after minister emphasised the overriding importance of social objectives. As the Chilean finance minister, Mr Eduardo Aninat, suggested, the region's governments cannot rely on "trickle down" to resolve social tensions.

Yet there is also a recognition of the danger that these US concerns often go to the heart of the sovereignty of Latin American countries, and that the interference justified by the US in Latin American affairs by the cold war may be followed by a period in which it is seen as trying to dictate the social agenda of the region.

After all, previous attempts by the US to develop a partnership with its southern neighbours to promote democracy – most notably President Kennedy's Alliance for Progress – failed on the whole to achieve their objectives.

The Clinton administration's emphasis on encouraging social objectives abroad are eyed suspiciously. An indication of this was provided by the Nafta negotiations and the introduction by the US of side agreements to cover labour and environmental standards in Mexico. The US characterised these side accords as an important new precedent for future trade agreements, but could not completely dispel the impression that they were driven exclusively by its domestic considerations.

Creditors of Banco Latino affiliate to meet

By Stephen Fidler in Guadalajara

Holders of certificates of deposit issued last year by the Curaçao affiliate of Banco Latino, the failed Venezuelan bank, are to hold a creditors' meeting in Curaçao tomorrow.

An official of ING Bank, the Dutch institution which managed one of two issues, said about $50m (£34.2m) of certificates of deposit were outstanding. Some $30m were issued in August or September last year, which have matured but not been repaid. A further $20m were issued in November but have yet to mature.

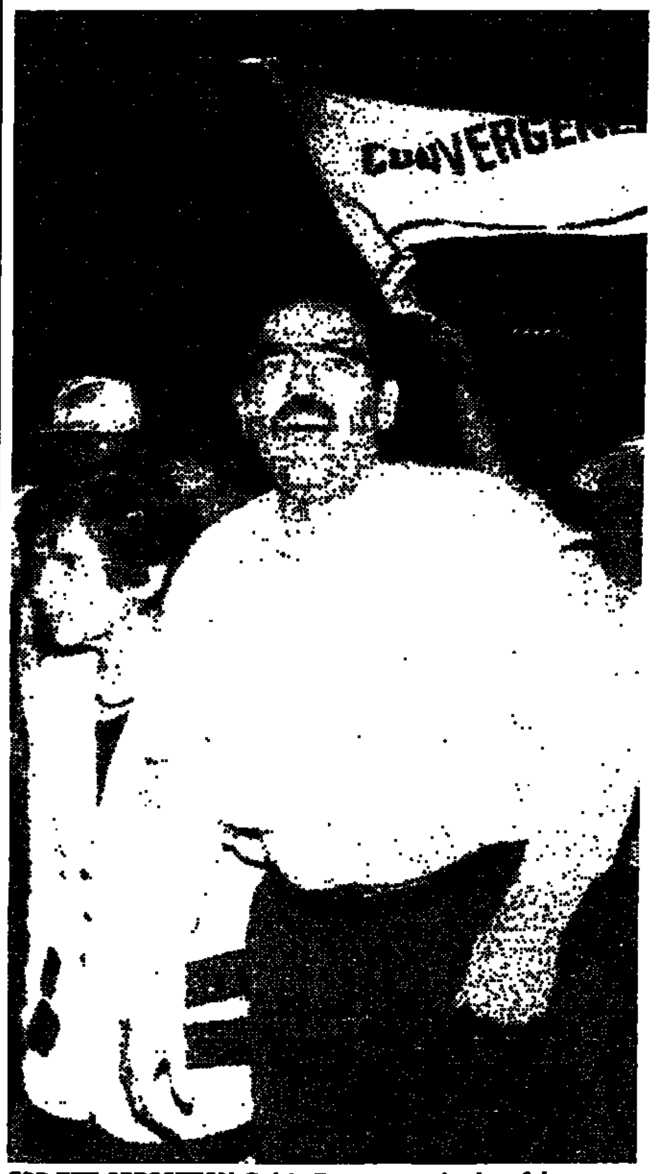
Banco Latino in Venezuela collapsed in January after a run on deposits. It reopened on April 4 but only to service small depositors. The bank's troubles heightened problems in the Venezuelan banking sector, and the government was forced to step in to support a further five banks which could otherwise have collapsed.

Bankers present in Guadalajara said the second issue was managed by Banco Interunion, a subsidiary of the Dutch bank and Banco Latino operating in the Caribbean island of Curaçao. Some suggested the amount of outstanding certificates of deposit in fact approached $70m, but that these were the only known international offerings by an affiliate of Banco Latino.

The position of Banco Latino Curaçao is complicated, according to Venezuelan bankers, by the fact that it is not a direct subsidiary of the Venezuelan bank but merely shares the same shareholders. It has been alleged that the Curaçao bank was used to dump bad or otherwise questionable loans.

It was also reported that Banco Latino in Venezuela owes about $5m to the US Export-Import Bank and $100m to the US Commodity Credit Corporation. Exim Bank, with about $3bn outstanding in Venezuela, is said to be concerned not about the size of the loan but the precedent that non-payment would set.

Doubts over human rights record cloud second round of Salvadorean election



FOR THE OPPOSITION: Rubén Zamora remains hopeful Reuter

By Edward Orlebar in San Salvador

It was not long ago that many Salvadoreans felt the only way to settle opposing views was to shoot each other. In this light, they handled their differences with relative amity in the first round of the general election on March 20.

But evidence of widespread voting irregularities, unchecked by the Supreme Electoral Tribunal, have raised questions about whether the vote has advanced the peace process, brokered by the UN, which began when the government and guerrillas signed accords in January 1992 to end a 12-year civil war.

"I used to give them the benefit of the doubt, but there comes a time when you have to say it is bad faith," says Dr David Browning, official British observer, about the tribunal, which is controlled by the right-wing, governing Arena party.

Mr Armando Calderón Sol, Arena presidential candidate, who failed by about 10,000 votes to secure the majority of the first-round vote, is expected to win the run-off on April 24 against Mr Rubén Zamora, who heads a left-wing coalition that includes former guerrillas of the Farabundo Marti National Liberation Front.

In congress, Arena looks likely to be able to secure a *de facto* working majority with other right-wing parties. But the FMLN won almost a quarter of the vote in the elections, and its politicians have found a space to operate within a political system which excluded the left and centre-left from participation for more than 60 years.

Although some senior FMLN officials have been murdered over the last year, El Salvador's right-wing political establishment and economic élite has begun to show some signs of tolerance towards their opponents.

"The war has made us aware of the need to give room to all ideologies," says Mr Luis Cardenal, a reformist right-wing businessman and political analyst. "If you exclude people, it causes problems."

But critics say reconciliation is far from complete. Human rights abuses, particularly against the left, are still frequent, and many of the social causes that led to the war are yet to be redressed.

In rural areas, about 75 per cent of demobilised combatants from both sides have not been granted land, and re-integration programmes have failed to meet targets. There is also a long way to go on reform of the corrupt judicial system.

Deployment of a new, civilian-run police force to take the place of the widely loathed police forces under military control – a central achievement of the peace agreement – is behind schedule and has been starved of funding. In violation of the accords, the Arena government has drafted into the new force scores of members of the discredited National Police, without vetting.

According to a report by the General Accounting Office, an investigative arm of the US Congress, in February the Salvadorean government still needed almost $700m (£474m) to fulfil its obligations under the peace accords.

The diminishing international interest may result in a reduction in aid over the next few years, after three years of considerable foreign assistance and substantial loans from international financial institutions within the framework of a stand-by agreement with the International Monetary Fund.

For the US, which poured $6bn of mostly military aid into El Salvador during the war, the country is now less important. US aid was reduced by 60 per cent, from $230m in 1993 to $94m in 1994.

The up-beat assessment of the elections by Mr Augusto Ramírez Ocampo, the head of the UN monitoring mission – which did not fit numerous reports of irregularities – seemed to suggest the UN has become less willing to rock the boat by confronting the authorities.

The future government, which will almost certainly be headed by Mr Calderón Sol, may show even less enthusiasm for fully implementing the peace accords than the current one.

Mr Calderón Sol's commitment to the accords remains open to question. He does not appear to head a defined current within the party, and it is believed he will take the line of the party bosses. Some observers fear that Arena leaders, whose party was founded in 1981, in part to counter attempts to reduce the political influence and economic domination of a small élite, has little interest in implementing the reforms contained in the accords.

Gun lobby fails to oust senator

By Jurek Martin, US Editor, in Washington

The US gun lobby has suffered a political setback with the failure of its determined attempt to unseat a veteran Californian state senator.

Mr David Roberti had been the target of the National Rifle Association because he sponsored a 1989 law to ban the sale of assault rifles in the state. But, on Tuesday, he easily won a recall election, the first against any Californian legislator in 80 years. The recall failed by 59.41 per cent.

The NRA only endorsed the campaign against Mr Roberti last month, but then moved into high gear. He received particularly staunch support from Mrs Sarah Brady. The new federal law on gun control – the Brady law – is named after her husband, Mr James Brady, who was shot and seriously wounded during an assassination attempt on President Ronald Reagan, whose press secretary he then was.

Even so, Mr Roberti will have to leave the Californian senate this year under a new state law to limit the number of terms any elected representative may serve. He is running for state treasurer, however, and will have been lifted in that by the Tuesday result.

In Texas on Tuesday, Mr Richard Fisher, a wealthy businessman and former associate of Mr Ross Perot, the Texan billionaire who ran for the US presidency in 1992, beat Mr Jim Mattox, former state attorney-general, in a Democratic party primary election. It was to choose a candidate to run for the US senate against the Republican incumbent, Mrs Kay Bailey Hutchison, in November.

Mr Fisher's campaign, like that of Mr Perot, was largely self-financed. But he will need more than deep pockets to beat Senator Hutchison, now considered virtually unbeatable after corruption charges against her were dropped this year. Last year, she easily won the special election to fill the Senate seat vacated by Mr Lloyd Bentsen when he became Treasury secretary.

Top Peronist out of new assembly

By John Barham in Buenos Aires

One of the leading figures in Argentina's ruling Peronist party has announced she will not take her seat in an assembly convened to rewrite the country's constitution.

Peronist leaders held Ms Matilde Menéndez responsible for the party's unexpected defeat in the city of Buenos Aires, in the assembly elections on Sunday. She was alleged to have been involved in a corruption scandal.

The elections were held to select 305 delegates to a constituent assembly which would allow President Carlos Menem to run for a second presidential term in 1995. The current constitution bans successive presidential terms.

Mr Menem's Peronists took 38.8 per cent of the national vote – more than any other party – but lost the federal district of Buenos Aires, the national capital by a wide margin to the upstart Frente Grande left-wing alliance.

Ms Menéndez said late on Tuesday she would not participate in the assembly but rather would concentrate on the "clarification" of allegations of corruption at PAMI, the government health scheme for the elderly which she runs.

The alliance had campaigned on an anti-corruption platform and it alleged bribery at PAMI. However, Ms Menéndez says she will not resign as its head.

Allegations of corruption have dogged Mr Menem's administration since it took office in 1989 but legal investigations have rarely been conclusive. However, on Tuesday, a federal judge acquitted Ms Amira Yoma, Mr Menem's sister-in-law, of accusations of laundering drug money in 1990-91 while she was Mr Menem's personal secretary.

Mr Mario Caserta, once a top Peronist party official, remains in jail awaiting trial on money-laundering charges. He and Ms Yoma were accused of having belonged to the same money-laundering organisation.

● Argentina's trade deficit widened by 329 per cent in January to $585.6m (£397m), the government announced. This was the second biggest expansion of the deficit since Argentina stabilised its economy in 1991. The country has run a trade deficit almost every month since November 1991. The deficit of $3.68bn last year was 40 per cent higher than in 1992. Imports in January rose by half to $1.53bn but exports rose only 5 per cent to $946.5m.

Sumitomo plant gunman opens fire

A gunman walked into a Japanese-owned fibre optics plant in the US yesterday and opened fire, killing one person and wounding two others, AP reports from Research Triangle park, North Carolina.

Authorities evacuated the Sumitomo Electric Fiber Optics plant and combed buildings for a man identified by witnesses as a recently dismissed employee.

Police in Durham said they had surrounded the unidentified suspect's home.

The 490-employee Sumitomo plant, which makes optical fibre cable and fiber optics components, is among the cluster of research, manufacturing and technical plants in the research park 10 miles west of Raleigh. The company is a subsidiary of Sumitomo Electric of Japan.

"We looked out over the plant floor – we saw people just running at random. And it was just a pop, pop, pop. We never did see the guy," Mr Sid Gregory, a Sumitomo employee, told a local television station.

Employees were evacuated from the plant but not allowed into the car park to recover their vehicles, so shuttle buses took some to a nearby cafeteria and relatives picked up others.

Medical staff confirmed that one person was dead. A man and woman underwent surgery for multiple gunshot wounds and both were reported to be in serious condition.

The shooting was reported shortly before 8am at the plant, the local sheriff's department said.

Alaska hit hard by Teamsters' strike

Supermarkets in Alaska are struggling to keep the shelves stocked after a nationwide trucking strike by the Teamsters' union cut off the flow of merchandise by ship from the west coast, AP reports from Anchorage.

The week-old strike had forced Safeway Stores to pay almost twice as much to move merchandise by truck and air as it would by sea, Mr Richard Near, Alaska district manager, said on Tuesday.

Safeway filled 37 trucks with goods in Seattle last Thursday and put them on the rugged, two-lane Alaska Highway to Anchorage.

Teamsters in Alaska are not part of the strike by about 70,000 drivers, dock workers and mechanics. But longshoremen have been honouring the union's picket lines at three west coast ports used by Alaska shippers, including Tacoma, Washington, the main port.

The Teamsters went on strike against 22 trucking companies on April 6 over a push to use more part-time workers and more trains. Since then two trucking companies have reached interim agreements, and a third has gone out of business.

It is the Teamsters' first nationwide strike against the trucking industry since 1979.

Governor Walter Hickel and Senator Frank Murkowski of Alaska asked the union to let Sea-Land Freight Service, the big ocean freight link between Alaska and the rest of the United States, load ships.

"We're stressing how dependent the state economy is on ocean transport," said Mr Jim McKenna, Alaska general manager for Sea-Land. "There really is no other realistic way to ship goods up here."

But Mr Ron Carey, the Teamsters' president, suggested the politicians contact the trucking companies involved in the dispute.

"We take no pleasure in a strike that causes economic disruption for other businesses and the average citizen," Mr Carey said.

"But this is a fight for the long-term interests of all working Americans."

Cuban power cuts top 10 hours a day

Cuba's authorities have blamed lack of spare parts from former communist bloc-built power plants for unusually long power cuts – sometimes exceeding 10 hours a day – in the capital, Reuter reports from Havana.

The power failures are an added strain on Cubans already battling severe shortages of transport, many food items and basic consumer goods such as soap and toothpaste.

The state news agency AIN quoted on Tuesday electricity board officials as saying the problem lay with Soviet and Czech-built plants which accounted for more than half the country's 3,132MW generating capacity.

Spare parts had not been received for these plants since 1990 and Cuba's ability to keep up maintenance with the parts it had lasted only until May last year, AIN said.

About 821MW-worth of generating capacity was affected by breakdowns, 570MW by maintenance work and 372MW by general limitations on generating capacity, the agency added.

However, new spare parts were being bought, which would enable the country to carry out a maintenance programme and recuperate generating capacity.

The AIN report did not mention lack of fuel for Cuba's oil-powered electricity plants as a reason for the difficulties.

Cuba has been facing a severe economic crisis, including chronic fuel shortages, since the collapse of the communist bloc and its traditional aid and trade links. It has grown used to regular power failures in the last few years.

In recent months the power cuts in Havana were scheduled to last about four to six hours a day.

But this rose to eight to 10 hours a day in the last two weeks, with cuts sometimes running beyond schedule. In parts of Havana earlier this week there was no power for 12 hours.

Last August there was an outbreak of vandalism in Havana apparently linked to frustration over unusually long power cuts.

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Final bid to settle Canada wheat row

By Frances Williams in Marrakesh

Top-level efforts will be made in Marrakesh today to head off a tit-for-tat trade war over Canadian wheat exports to the US market.

Mr Mickey Kantor, US trade representative, Mr Mike Espy, US agriculture secretary, and their Canadian counterparts, Mr Roy MacLaren and Mr Ralph Goodale, will make a final attempt to settle the dispute before a US-imposed deadline of April 22.

The US has threatened to clamp down on imports of Canadian wheat, prompting a warning of retaliation by Ottawa. These imports have surged in recent years, from 330,000 tonnes in the 1989-90 crop year to 1.5m tonnes in 1992-93 and an estimated 2.5m tonnes in 1993-94.

The latest jump arises partly from the need to plug the gap in animal feeds supply after a sharp drop in US corn (maize) production because of the Mississippi floods.

Another factor has been high wheat prices in the domestic US market caused by the diversion of supplies under the US Export Enhancement Programme. This has made the US an increasingly attractive market for Canadian wheat.

The unfamiliar sight of Canadian trucks unloading grain at US elevators has enraged wheatgrowers in the northern US states. They have mounted a strong political campaign in Washington to curb the trade, spearheaded by the influential Senator Max Baucus from Montana who is chairman of the trade subcommittee of the Senate finance committee.

This has caused a big headache for the US administration. While it could invoke so-called Section 22 import quotas, which are covered by a waiver from fair trade rules under the General Agreement on Tariffs and Trade, the waiver is due to lapse next year when the Uruguay Round trade accords take effect.

US growers are pressing for protection for up to six years.

Both sides appear anxious to resolve the dispute amicably but have so far been unable to agree the terms under which Canada would agree to limit exports to the US market.

Singapore offer to host WTO meeting

Singapore has offered to host the first ministerial meeting of the new World Trade Organisation, due to be held in 1996.

The offer was made yesterday in Marrakesh by the trade and industry minister, Mr Yeo Cheow Tong. Mr Yeo said the choice of Singapore would be a recognition of Asia's contribution to global trade. It would complete the circle of Uruguay Round meetings that began with the round's launch in Uruguay in 1986.

Uruguay Round pact could undermine standards, report warns

US concern on food safety rules

By Nancy Dunne in Washington

GATT

A report by US consumer and environmental organisations is recommending a moratorium on challenges against food safety, health and environmental measures brought under rules to be inherited from Gatt by its planned successor, the World Trade Organisation. In "Trading Away US Food Safety", Mr Ralph Nader's Public Citizen and the Environmental Working Group charge that rules agreed in the Uruguay Round jeopardise key federal and state standards.

They want a three-year moratorium to give a trade and environment committee the opportunity to rewrite the new rules and to "democratise" the new Gatt dispute settlement procedure.

US consumer and environmental groups have long warned that, under the Uruguay Round global trade pact, many US standards would be subject to challenge. In response, trade negotiators tightened language in the text of the Sanitary and Phytosanitary and Technical Barriers section of the new trade pact and now insist that they have safeguarded any rules which are scientifically based.

However, Mr Nader says the new pact could undermine bans on hormone treated beef, restrictions on food irradiation, meat and poultry inspection, and nutritional labelling on rules. "Nothing is more likely to pull down our present US consumer and environmental protections and derail future advances than the proposed trade deal," he said.

The trade pact uses the standards of the Rome-based Codex Alimentarius Commission (Codex), a voluntary organisation strongly influenced by the chemical and food industries, as the model for legitimate standards-setting when relevant scientific evidence is insufficient. Many US standards are stronger that Codex standards, although sometimes the reverse is true.

The report says there are 241 foods and substances in which Codex allows carcinogens and the US does not. In 47 cases both the US and Codex allow carcinogens, but the US tolerance is lower.

"While the use of an international standard is not mandated, it may give rise to reasonable expectations that such standards will be used," the report says. "Some countries want to mandate the use of Codex and other international standards when there are no relevant domestic standards, while other countries [including the US] have resisted such an absolute mandate."

It cites trade cases which allegedly threaten US standards. In one, the EU has identified as an unfair trade barrier a US ban on wine with residues of the pesticide, procymidone. The US Environmental Protection Agency established an interim rule allowing procymidone in wine, in response to trade pressure, the report says.

Developing countries remain resolutely opposed to the inclusion of labour standards in future trade negotiations, seeing such a move as inspired by the protectionist motives of industrialised nations. In a speech to this week's Gatt ministerial meeting in Marrakesh Mr Pranab Mukherjee (above), India's commerce minister, said yesterday that while India was strongly committed to internationally recognised labour standards "we see no merit whatsoever in the attempt to force linkages where they do not exist". Picture: Associated Press

EU countries lose sight of solidarity

MARRAKESH DIARY/Guy de Jonquières

This week's ministerial conference of the General Agreement on Tariffs and Trade has not so far been a glorious showcase for the European Union's post-Maastricht solidarity. Indeed, many member governments have seemed determined to cling to sovereign prerogatives with a tenacity which would warm the heart of diehard Tory Eurosceptics in Britain.

Take France, for instance. Mr Gérard Longuet, its industry minister, astutely captured the headlines by making his first priority a bilateral meeting with Mr Mickey Kantor, the US trade representative, within hours of the latter's arrival on Tuesday.

Mr Longuet had the double satisfaction of getting to see Mr Kantor before Sir Leon Brittan, the EU trade commissioner, did so and of then immediately holding a packed press conference at which he pontificated on the great global economic issues.

Mr Longuet justified this exercise in freelance diplomacy on the grounds that he was entitled to act independently in those areas not covered by "Community competence" – the jargon for jointly agreed EU policies. He freely admitted, however, that he would be hard put to say exactly where the boundaries of such policies fell.

What does seem clear, though, is that Paris is increasingly overcoming its traditional mistrust of all things American and discovering common ground with Washington. Mr Longuet made clear that, as well as being "in perfect agreement" on financial services liberalisation, the two sides shared similar objectives in pressing for a "workers' rights" clause in the Gatt.

They also seem to be employing the same public relations adviser. Obviously shaken by widespread suspicions among developing countries that workers' rights was merely a synonym for protectionism, they have decided to take another tack.

Mr Longuet has fallen back on the ingenious argument that the whole issue is really a way of enabling the French government to defend free trade principles against unnamed populist pressures for protection. Mr Kantor, meanwhile, is claiming that the US is simply waiting patiently for the Gatt to put into effect a provision envisaged when establishment of the organisation was first mooted almost 50 years ago.

However, he tactfully omitted to mention that the grand scheme was sunk when the US Congress killed off plans for a powerful International Trade Organisation.

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Sir Leon, meanwhile, seems to be content to take a backseat in the PR battle by allowing the US to do most of his briefing for him. As of lunchtime yesterday, he had given no press conference and had none planned. His sole contribution was a fleeting appearance at Mr Kantor's side.

Asked whether Mr Longuet's earlier endorsement of China's plans to join the planned World Trade Organisation represented EU policy, Sir Leon blustered about his statement to Gatt ministers earlier in the day – which never even mentioned China by name.

Top US trade negotiators, by contrast, had already held one press briefing by lunchtime yesterday and had called another for a few hours' later.

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But perhaps one should not be too hard on Sir Leon. Since he arrived in Marrakesh, his life has been complicated by the antics of EU states seemingly intent on demonstrating the truth of the old parliamentary adage that "your opponents are in front of you and your enemies behind you".

Soon after his first meeting with Mr Kantor, he had to rush off to an emergency session of the Council of Ministers, summoned because of Germany's last-minute doubts about whether an arcane legal dispute about banana imports would allow it to sign the Uruguay Round trade deal on Friday. The Portuguese, meanwhile, have seized the opportunity to make a fuss about textiles trade.

As if this were not enough, all 12 member states decided to stage an eleventh-hour protest yesterday about the signing of the Round. The Commission had suggested that it and member state ministers should sign as a group under the collective rubric of the EU. That is how EU members are listed in the official Gatt list of delegations.

The suggestion was, however, too much for the 12 governments. They insisted that they follow the overall alphabetical order of the list of Gatt delegations. As a result, France's signature will precede Gabon's, the Netherlands will follow Namibia and the UK will sit next to the United Arab Emirates.

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The actual document to be signed on Friday is a monster. Consisting of the final text of the Uruguay Round, lists of detailed tariff schedules and sundry last-minute additions, it will run to more than 20,000 pages and weigh in at around 175kg. Just the thing for insomniacs with strong arms.

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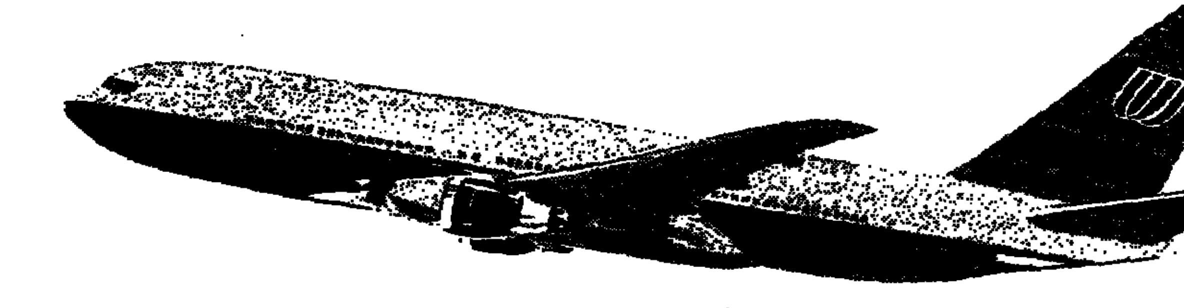
Catering to the communications needs of the roughly 3,000 delegates and journalists at the Marrakesh conference has strained to the limit the resources of ONPT, the Moroccan telephone monopoly. On the whole, its employees have risen to the challenge with enthusiasm and good humour. However, there has been the occasional technical glitch.

One recurring problem is that several delegations have had their lines cut off without warning – allegedly while essential maintenance work is carried out on switchboards. After service has been restored, some have found that their numbers have been mysteriously switched for those of other delegations. The diplomatic consequences can only be guessed at.

But none of this should trouble the office of the Moroccan information ministry at the conference press centre, where a single official sits surrounded by no fewer than 12 telephones. As they say, information is power....

Big Apple.



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Agriculture accord could leave poorest worst off

By Alison Maitland

International aid agencies are worried. The Gatt agreement on agriculture is likely to leave the poorest countries worst off while perpetuating the subsidies that help farmers in developed countries dominate world markets, they say.

"There's a lot of talk about level playing fields," Mr Kevin Watkins, senior policy adviser to Oxfam, told a conference on Gatt and agriculture in developing countries this week.

"We're talking about a level playing field that runs downhill all the way from the US and Europe to the developing countries."

One of the biggest bones of contention is that European Union compensation to arable farmers for cuts in support prices under the common agricultural policy reforms is excluded from the Gatt agreement to reduce domestic support to agriculture. This also applies to US farm support payments.

"If you put public funds into the hands of big farmers producing cereals, it's reasonable to assume some of that will go into production," said Mr Watkins. "About a third of cereal production is exported. So shouldn't these compensatory payments be treated as export subsidies?"

According to some independent forecasts, the preservation of support for European arable farmers, coupled with likely rises in output per hectare of at least 1.5 per cent a year, will leave EU cereal production close to its 1992 level by the end of the century.

"In cereals at least, it seems clear that US and more particularly EU production will be higher with these [support] payments than it would be without them, and that the additional production will have a material effect on the world market," said Ms Jenny Pryke of the Catholic Institute for International Relations, which organised the conference in conjunction with Oxfam and Christian Aid.

"Development agencies are concerned about the effect on food-importing countries of large volumes of cheap imports being available because it discourages local farmers from producing for their markets," she said.

This imperils their ability to become self-sufficient and to trade food regionally. Only 5 per cent of Africa's overall trade is with other African countries.

At the same time, however, the agencies are concerned that poor food-importers would be badly hit if world prices did rise, as predicted by the European Commission and the US Department of Agriculture, as a result of the 21 per cent cut in subsidised export volumes under the Gatt.

They argue that current food dependence is bad. But the alternative scenario of rising world prices, while welcome to some middle-income agricultural exporters like Argentina and Thailand, would make things at least temporarily worse for low-income food-importing countries.

The Gatt deal allows for extra help for these countries. But rather than being limited to aid, support should boost domestic agricultural production, said Mr Clive Robinson of Christian Aid. "That needs to be in place before the adverse price effects take place," he said.

Another target of attack by the development agencies is the incoherence of policies which destroy with one hand the help they provide to developing nations with the other.

The Zimbabwe dairy industry, supported by the EU, is one of the few in the region, according to Ms Carol Thompson, associate professor at the University of Zimbabwe. But when it tried to expand by exporting to other parts of southern Africa, "it ran into dumped powdered milk from the EU."

Many conference participants said developing countries must make use of their numerical strength in the new World Trade Organisation to defend their interests.

The alternative looked grim for the poorest countries. Mr Luis Hernandez, of the Centre of Studies for Change in Rural Mexico, found direct similarities with the North American Free Trade Agreement. "Like Nafta, the Gatt will accelerate the integration of unequal partners without the financial and institutional arrangements to protect the poor," he said.

Seoul acts on exiled loggers from north

By John Burton in Seoul

South Korea yesterday indicated that it might accept loggers escaping from North Korean-managed lumber camps in Russia.

Seoul has so far refused to grant asylum to at least 120 workers who have fled the logging camps because of fears that it could antagonise Pyongyang and disrupt inter-Korean negotiations on North Korean nuclear inspections.

But the recent collapse of the nuclear talks has persuaded the government "to review the issue based on the principle of humanitarianism," said Mr Choo Don-shik, the presidential spokesman.

The government is also responding to growing public pressure to accept the loggers, who are considered South Korean citizens under its constitution.

The lumber camps, which employ 15,000 North Koreans, were established in Siberia in the late 1960s, with North Korea providing labour in return for receiving wood supplies valued at $100m. The camps are estimated to provide Russia with $300m worth of lumber annually.

North Koreans who have fled the lumber camps speak of food shortages, beatings, and death sentences for those trying to escape.

Russia has pressed North Korea to improve conditions at the camps and threatened not to renew the logging contract, which expired at the end of 1993. The contract has been extended until June as Moscow continues negotiations with Pyongyang.

Seoul will consider granting the loggers immediate asylum or ask Russia to accept them as refugees, with a promise that they would be eventually resettled in South Korea.

But North Korea has warned against any interference by Russia or South Korea and said it would hold Seoul responsible for "kidnapping" loggers found missing from the camps.

But even if South Korea accepts the loggers, officials remain worried that it could trigger a bigger exodus from the camps and possibly encourage people living in North Korea to flee across the border to Russia and China.

"President Kim [Young-sam] fears that allowing the loggers into South Korea may eventually lead to the sudden collapse of North Korea, just as the exodus of East German tourists to Hungary and Austria in 1989 led to the collapse of the East German government," said one presidential aide.

■ China has only limited influence in persuading North Korea to accept nuclear inspections, a senior Chinese official said yesterday.

"Many people believe that China can instruct North Korea to do this or that. But that's not true," said Mr Wu Xueqian, vice-chairman of the Chinese political consultative conference.

Buthelezi rejects mediation terms

By Patti Waldmeir in Johannesburg

SOUTH AFRICAN ELECTIONS April 26-28

Foreign mediation of South Africa's constitutional conflict was stalled even before it began yesterday when Chief Mangosuthu Buthelezi, Inkatha Freedom party leader, demanded that a new date for all-race elections be put on the mediators' agenda. Foreign mediators, led by Dr Henry Kissinger, former US secretary of state, sat helpless in their Johannesburg hotel rooms yesterday as the African National Congress, Inkatha and the government bickered over the terms of reference for mediation.

The situation degenerated into farce when Chief Buthelezi called a hastily convened press conference in the lobby of the Carlton Hotel to denounce the ANC and government, claiming they were sabotaging mediation. He said they were colluding to exclude the IFP from the April 26-28 elections.

"This is creating an insurmountable problem. It means that there is no possibility that an acceptable mediation can be concluded on its own merit," Chief Buthelezi said. "It is putting the cart before the horse. Our initial agreement with the ANC was that the issue of an election date could be discussed," he said. The ANC denied this.

Lord Carrington, former British foreign secretary who is also part of the seven-man mediation team, expressed frustration at the lack of a clear mandate from the parties. "It's clear that the mediators can't mediate if there isn't agreement between the three parties on what they are mediating about," he said.

But it remained unclear why mediators had agreed to travel to South Africa before the terms of reference for their task had been agreed. The dispute over terms will have brought home to them the complexity of the task required, given the wide differences in principle between the ANC and IFP.

As the parties bickered in Johannesburg, killings continued in Natal. In one of the worst politically-linked attacks since a state of emergency was declared on March 31 in the KwaZulu homeland and surrounding Natal province a fortnight ago, seven people distributing election literature were burned and hacked to death late on Monday. Police said a further nine people died in violence in KwaZulu/Natal overnight, bringing to 193 the death toll in political violence there since the state of emergency was imposed.

Foreign bears maul financial rand

Mark Suzman on the collapse of South Africa's investment currency

South Africa's ebullient finance minister Derek Keys was at his bullish best. There were many good reasons, he told a lunchtime gathering on Monday, for confidence in the country's economy: a government of national unity had been in place for several months and was working well, the economy had moved out of recession into recovery and the country had enjoyed a bumper maize harvest.

But in Johannesburg's Diagonal Street financial centre the bears were running rampant. The financial rand, the yardstick of external investor confidence, was at its lowest level ever as the market reacted to the breakdown of the country's peace summit in the early hours of Saturday morning.

Nothing Mr Keys said then or says subsequently can alter the fundamental concern that will determine the outside world's judgment of South Africa as an investment risk. Its financial services may be sophisticated, its stock exchange capitalisation ranking it in the top 10 in the world, its infrastructure excellent, its potential enormous: without stability and a negotiated resolution of the country's constitutional crisis, these things are worth little.

When trading opened this week the financial rand lost 14 per cent of its value, finishing the day at a record low of R5.71 to the dollar and leaving many foreign investors with hefty losses.

Although the currency partly recovered on earlier hopes of a successful outcome to international mediation, its continued instability is leaving investors distinctly nervous. Dealers report heavy foreign selling of South African bonds and equities over the past two weeks, which has toppled the markets from their mid-March highs.

It was a wave of such selling, in particular in the gilt market, that was largely responsible for the fall on Monday.

One broker tells of an American investor who phoned him and ordered the sale of his entire South African stock by the next day, whatever the price.

"It's all politically driven," said another broker. "Foreign investors are very fickle."

Although South African markets are no stranger to panic selling, the current wave is particularly damaging because it comes in the wake of greatly increased investor interest that followed the demise of apartheid and the ending of sanctions against the country. The recent boom in both bond and equity markets has been almost entirely foreign driven, in particular by American funds looking for good deals abroad and attracted by South Africa's relatively mature securities markets.

As a result, the discount between the financial and commercial rand, regarded as a good barometer of international investor confidence, had been steadily narrowing for most of the past six months. This in turn led to speculation that the financial rand might soon be scrapped, a goal to which both President F.W. De Klerk and African National Congress leader Mr Nelson Mandela are publicly committed.

However, with the discount now around 30 per cent compared with a 21 per cent average last year, most economists see little prospect for its removal in the foreseeable future. "If anything the financial rand is likely to drop again," notes Mr Kevin Lings, an economist at Nedbank.

The position is further complicated by South Africa's foreign debt repayments. Combined with the interest and dividend payments due to non-residents who have invested via the financial rand, these put enormous pressure on the balance of payments as, without new foreign investment or loans, the commitments have to be met through a current account surplus.

And with the country's reserves currently able to cover only around five weeks' imports, room for manoeuvre is limited.

The commercial rand too has come under increased pressure in recent weeks, also hitting new lows against the dollar. Its fall, however, has been less precipitous than that of its financial counterpart and partly as a response to the dollar's strength. Similarly, the stock market has remained relatively steady, reflecting continued support from local institutions and some bargain hunting by more experienced foreign investors prepared to take the political risk.

But Mr Keys' stout defence of South Africa's economic future notwithstanding, the volatility seems likely to continue, with many analysts predicting further sharp movements in the markets in the run-up to the election.

A CURRENCY REGIME BORN FROM VIOLENCE

The financial rand was first introduced to protect the country's reserves after massive capital outflows followed a police massacre of black protesters at Sharpeville in 1960.

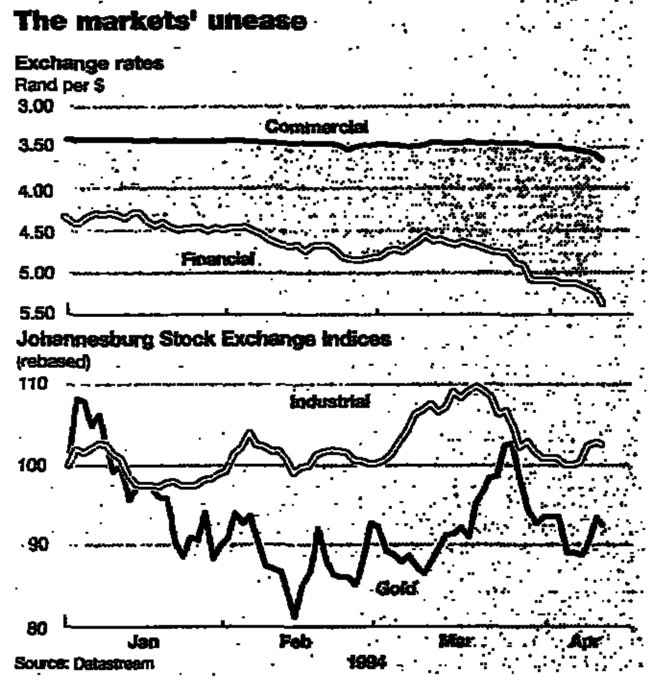
Although it was scrapped in February 1983, the unit had to be re-introduced in response to the upsurge in township violence that erupted in 1985. The currency's previous low – before this week's collapse – was reached in August of that year when the foreign exchange markets had to be temporarily closed by the government after then President P.W. Botha's notorious Rubicon speech that was supposed, but failed, to mark a no-return shift to reform of apartheid.

In essence, financial rands comprise a pool of rands that can only be used by foreign investors. They are created when a non-resident sells a South African asset to a local investor. The payment is made in rand and deposited in a local bank. It can only be used again by another non-resident in exchange for foreign currency.

For all regular transactions on the current account the commercial rand, in effect the country's trading currency, is used. In addition to acting as a penalty against capital withdrawal, the financial rand also serves as an incentive for new foreign investment because all yields are remitted in commercial rands giving a greatly augmented return.

However, the currency has several obvious shortcomings, especially its susceptibility to "roundtripping" or illegal arbitrage between the two units. Another problem is that the market is thinly traded and thus easily moved by large orders, which is what happened on Monday.

Because of the financial rand's role as a foreign investment vehicle, the South African Reserve Bank cannot support it. "Its level is purely a consequence of non-resident transactions," says Mr James Cross, Reserve (central) Bank general manager for foreign exchange.



Buddhist group to be probed

By John Burton

The South Korean government has agreed to a parliamentary investigation of allegations that the Chogye order, the country's main Buddhist group, was involved in illegal financing of President Kim Young-sam's 1992 election campaign.

At the same time the administrative head of the Chogye order resigned yesterday, yielding to pressure from reformist monks who have staged violent protests.

The Rev Suh Eui-hyun has been criticised by reformers for abusing his office by allegedly accepting bribes from monks who sought appointments to head some of the Chogye order's 1,700 temples. The Chogye order claims 90 per cent of the nation's 20m Buddhists, who account for almost half South Korea's population.

Reformist monks attacked the Chogye temple headquarters in central Seoul at the weekend after Rev Suh was elected for a third consecutive four-year term.

Intervention by the riot police to quell the demonstration provoked opposition charges that government was supporting Rev Suh because he was allegedly involved in financing President Kim's election campaign.

Malaysia bank probe 'not needed'

The Malaysian government says there is no need for an official investigation into foreign exchange losses by Bank Negara, the country's central bank, as all the facts had now been made public and those responsible for the losses had resigned, writes Kieran Cooke in Kuala Lumpur.

Bank Negara last month disclosed that it had incurred a forex trading loss of M$5.7bn ($2.1bn) in 1993. Mr Jaffar Hussein, Bank Negara's governor, and Mr Mohamed Yakcop, believed to have been mainly responsible for forex operations at the bank, then resigned. In 1992 Bank Negara was forced to disclose forex losses of more than M$9bn.

Mr Anwar Ibrahim, finance minister, told parliament that while Bank Negara had made mistakes in its forex dealing, international market conditions had been very unstable, particularly in 1992. Mr Anwar said Bank Negara's financial position remained strong, with accumulated foreign exchange reserves of more than M$90bn.

"Errors were committed and this entailed huge losses," said Mr Anwar. "There was neither any fraudulent practice nor were there any individuals benefiting from the losses incurred."

Taiwan halts tours to China

Taiwan will suspend all tours to China from next month over Beijing's handling of a mysterious boat fire which killed 24 Taiwanese tourists last month, the government announced yesterday, Reuter reports from Taipei.

"The incident has initiated indignation and the government supports the decision by the travel agents' association to suspend tour groups to the mainland starting on May 1," Mr Chang Tzu-chiang, director of the Tourism Bureau, said.

Taiwan Governor James Soong told the Provincial Assembly that visits by civil servants to China would be suspended from next week. Taiwanese made about 1m trips to China last year, down from 1.5m in 1992.

The victims burned to death or drowned when a fire started on a boat on Qiandao lake in the central province of Zhejiang on March 31.

Relatives of the victims returned to Taiwan last week with cremated remains, accusing Chinese authorities of covering up what they said was mass murder and restricting their movement. China on Saturday acknowledged the blaze could have been caused by saboteurs and promised the culprits would be punished.

Rwanda Patriotic Front chairman Alexis Kanyarengwe (left) and military commander Paul Kagame speaking to the press at separate locations outside the capital of Kigali yesterday *Reuter*

Rwanda battle intensifies

Rwandan rebels and government troops fought pitched battles in the capital Kigali yesterday as more than 100,000 refugees left the city. Agencies report from Kigali.

Up to 20,000 troops of the rebel Rwanda Patriotic Front advanced from the north to reinforce small groups already in the city. Members of the provisional government completed a retreat to the countryside.

In New York, the United Nations Security Council was due to consult in private last night. Mr Boutros Boutros Ghali, UN secretary general, after a meeting on Tuesday night with Mr Willy Claes, foreign minister of Belgium, the former colonial power, set out several options in a report to the Security Council. These appeared to include abandoning the 2,500-strong peacekeeping operation.

However, the UN might instead "add additional troops (to) replace the Belgian troops in case they would withdraw". Belgian radio said yesterday that Mr Boutros Ghali had agreed Belgium could withdraw its 420-strong contingent of UN peacekeepers, ten of whom have been killed.

An estimated 20,000 people have been slain in Rwanda in a week, the latest eruption of a long feud between the country's two main ethnic groups.

Japan yields in tax row with US

By Michiyo Nakamoto in Tokyo

US and Japanese tax authorities have agreed that Japan should reimburse AIU, the US insurance company, some of the back taxes collected under Japan's transfer pricing tax rules, according to AIU.

The agreement represents a significant blow to the efforts of Japan's tax authorities to win penalty taxes from foreign groups which they believe have transferred overseas profits made in Japan.

It also underlines the difficulty governments face in trying to determine how to tax a foreign company engaged in cross-border transactions.

Japan's National Tax Administration levied back taxes of about Y9bn ($86m) on AIU, which the company's branch in Japan paid in 1991. The demand was prompted by concern that AIU's Japan branch had paid an excessively large amount of reinsurance fees to overseas insurers and received less commission than would have been expected. As a result, it was thought that profits which AIU had made in Japan were transferred overseas.

AIU disagreed and asked the National Tax Administration to discuss the case with the US Internal Revenue Service. The US company was also slapped with about Y2bn in back taxes by the Tokyo Taxation Bureau in 1990, a move which is also likely to be discussed by Japanese and US authorities.

The transfer pricing tax system is not intended to penalise companies for avoiding tax payment, AIU said in a statement. The focus of the talks was how much tax AIU should pay the Japanese government and how much it should pay the US government, it said.

In line with a growing international trend, Japan has used its transfer tax pricing system introduced in 1986 to try to get foreign companies to pay taxes on what the authorities consider profits made in Japan.

Last month, the Tokyo tax authorities levied a Y15bn penalty on Coca-Cola, which it believes transferred around Y36bn of profits to the US by paying its parent company excessive royalties. Coca-Cola said it would seek bilateral government talks on the issue.

The US has been aggressive in applying transfer pricing tax against Japanese companies. For its part, Japan has applied penalty taxes under the system 50 times since 1986 but in only five cases has the penalty been cut through government-to-government negotiations.

HK plans receive London's support

By Alexander Nicoll, Asia Editor

The attempts of Mr Chris Patten, Hong Kong's governor, to broaden democracy in the territory were yesterday given strong support by an all-party UK parliamentary committee which has conducted a nine-month study of Britain's relations with China.

The House of Commons foreign affairs committee, which took evidence from Mr Patten as well as British and Chinese ministers and officials, fell short of asserting unequivocally that Mr Patten had no alternative course when he announced electoral reform plans in October 1992. But it firmly endorsed the steps Mr Patten took at key points in the resulting dispute with China, which resumes sovereignty over Hong Kong in 1997.

The report also supported proposals that a statutory commission and an independent watchdog body be established to monitor abuses of human rights in Hong Kong.

It said fears that China would not honour its commitments were understandable given its "increasingly threatening noises" over electoral reform, its unwillingness to co-operate even on straightforward aspects of the transfer, and its threats to pro-democracy politicians in Hong Kong.

Mr Patten's proposals, the committee said, were within the letter of previous agreements with China. Although it objected to the concept of functional constituencies – business groups electing members of the Legislative Council – it said: "We support the widening of the democratic base of these functional constituencies as proposed by the governor."

The committee said Mr Patten was right not to negotiate proposals with Beijing before announcing them in Hong Kong, and in ensuring that the final decision on them would be taken by LegCo. "In the face of Chinese unwillingness to find a compromise, the governor had no choice but to put his proposals in full to LegCo."

Using language which echoed that used by Mr Patten himself, the committee said: "We hope LegCo will... be able to agree electoral arrangements which are within the terms of the Joint Declaration and the Basic Law and which are open, fair and acceptable to the people of Hong Kong."

The Joint Declaration was the 1984 Sino-British agreement on the return of sovereignty, and the Basic Law is Hong Kong's post-1997 constitution, written by Beijing.

The report implied a firm rebuke for Sir Percy Cradock, the retired diplomat who negotiated the Joint Declaration and subsequent Sino-British agreements. Sir Percy told the committee Mr Patten's reforms risked harming Hong Kong.

The committee said: "We endorse the foreign secretary's refusal to do a deal which could appear shabby and inadequate." Giving in to China would have undermined the Hong Kong government to the extent that Hong Kong's stability – including, perhaps, financial stability – could be at risk.

However, the committee acknowledged that China's treatment of Hong Kong after 1997 could not be predicted. It cited a letter to the committee from Mr Ma Yuzhen, Beijing's ambassador in London, saying China would dismantle the reforms and the 1997 transfer would imply full recovery of administrative power.

The committee's broader recommendations included calls for broadening Sino-British cultural links and the government's pursuit of dialogue with Beijing on human rights and Tibet. It expressed concern that BBC World Service Television will no longer be broadcast to China by Mr Rupert Murdoch's Star TV network and hoped the BBC would quickly find a new means of broadcasting news into China.

House of Commons foreign affairs committee: Relations between the UK and China in the period up to and beyond 1997. Volume I. HMSO £17.

Hamas bombers see violent deaths as a way to heaven

By Julian Ozanne in Jerusalem

The Islamic extremist who yesterday blew up a crowded Israeli bus in the town of Hadera, killing five Israelis and wounding 30, knew he was going to die. Like Raed Zakarneh, the 19-year-old suicide bomber who last week drove a car packed with 385lb of explosives into a bus in the town of Afula, he died thinking his violent act would guarantee him a special place in heaven as a martyr to Islam.

"As Islamists we know that life is everything we have but we also have the belief that if you sacrifice your life for your people, for your land, for your cause, you are a martyr," said Dr Omar Farwana, one of the 415 Palestinians deported to Lebanon by Israel in December 1992 for Hamas activities. "Violence is the only language the Israelis understand and these attacks are very painful for them."

The Islamic resistance movement Hamas, responsible for both attacks, has emerged as the best organised and most devastating threat to the Israeli-Palestinian peace process. Yesterday's attack was the second in what Hamas claims are five planned operations to revenge the February 25 Hebron mosque massacre of 29 Palestinians by a fanatical Jewish settler. Its strike was intended to show Israel that Hamas can still strike despite the closure of the occupied territories by Israel after last week's suicide bombing and despite widespread Israeli precautions.

In leaflets Hamas has threatened to turn Israel's Independence day celebrations today into a "hell" and make "Zionists and settlers cry blood on their dead".

The six-year underground movement, originally funded by Israel to challenge PLO political dominance in the occupied territories, is opposed to the peace process, committed to the annihilation of the Jewish state by armed struggle and wants to create an Islamic state in all of the land of Israel, the West Bank and the Gaza Strip based on Sharia Koranic law.

Hamas, an acronym which means zeal, has become the main opposition group to the PLO and is particularly strong in the Gaza Strip, where it has won a bedrock support among the poor and the young fed up with the corruption in the PLO. It also has active cells in Hebron, Jenin, Nablus and Jericho in the West Bank.

While Mr Yassir Arafat, PLO chairman, is entangled in lengthy peace negotiations with Israel, Hamas has been building its underground military wing, Izz el-Deen al-Qassam, and parading itself as the only player in the armed struggle against continued Israeli occupation.

"All Palestinians support resistance, the right of all occupied people," said Dr Farwana in Gaza City. "Arafat is afraid to condemn the attacks because he knows the Palestinian people will spit on him."

Apart from stepping up violent pressure on Israel, Hamas is preparing for the return of Mr Arafat to the occupied territories and the possibility of conflict with the incoming 9,000-strong PLO police force.

"Hamas has kept the option of staying powerful by remaining underground," said Dr Farwana. "Hamas is against civil war but is ready to protect itself by force if attacked by Arafat. Hamas will continue attacks on Israelis and the Palestinian police will not be able to stop them. Then the Israeli army might come back into the territories and every Palestinian will know they are still under Israeli occupation."

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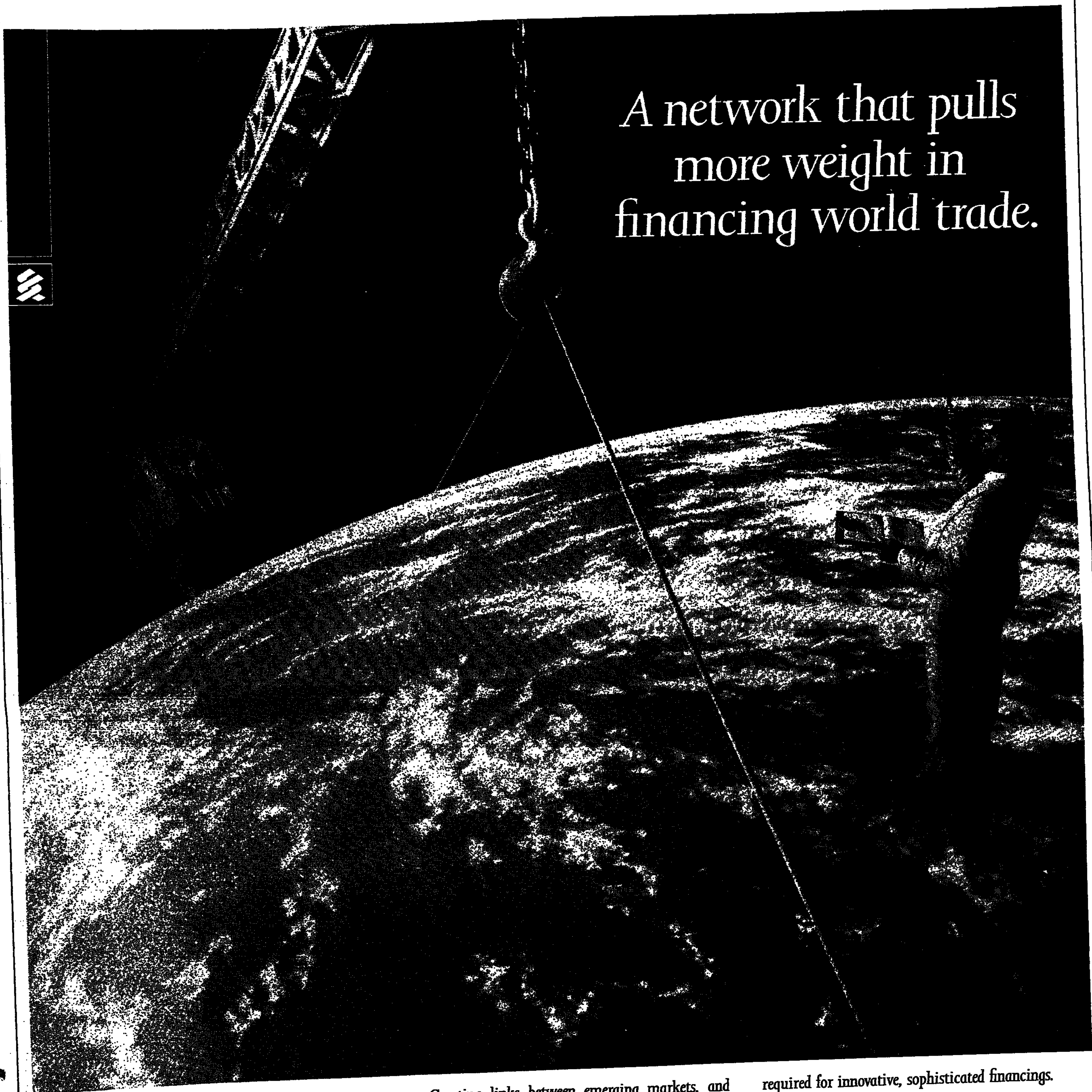

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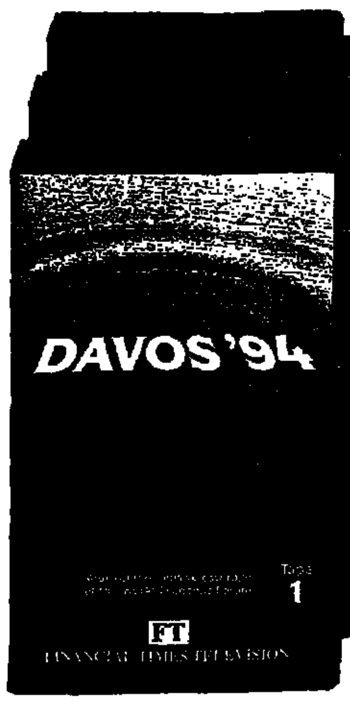

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FINANCIAL TIMES TELEVISION

Cornford's charity

After five years of applying for grants for policy research and development, James Cornford, director of the left-leaning Institute for Public Policy Research, has decided to switch to handing out funds.

On August 1, he becomes director of the Paul Hamlyn Foundation, one of the 50 wealthiest charities in the UK.

The foundation was established in 1989 by publisher Paul Hamlyn following the sale of his interests in the Octopus Group to Reed. His initial gift of £50m is now worth more than £61m, with income of £4.7m in 1993 and expenditure of £3.2m.

. Cornford, 59, is no stranger to handing out grants; before joining the IPPR, he was director of the even wealthier Nuffield Foundation. Previously he was professor of politics at Edinburgh University and has been fellow of Trinity College, Cambridge, and All Souls, Oxford. He is also chairman of the Campaign for Freedom of Information.

His five years at the helm of the IPPR have taken it from an idea in the head of Neil Kinnock, the then Labour leader, to an institute with a staff of 12 and an income last year of £0.75m.

The Hamlyn Foundation's projects reflect its founder's interests: arts, education, book publishing and the third world.

It supports projects ranging from the Royal Opera House Westminster Week (to encourage first-time visitors to the opera and ballet), to the Jaipur Foot project in India which fits artificial limbs to the disabled.

The highest profile project supported by the foundation was the National Commission on Education set up in July 1991at the instigation of Sir Claus Moser.This has now completed its work, giving Cornford a relatively clear field to establish a new generation of projects. Observer, page 23.

Non-executive appointments

■ **Ray MacSharry**, former EU agriculture commissioner, at GREEN PROPERTY.

■ **Ken Graham**, founder and managing partner of Pace Consulting, at HERDMANS HOLDINGS.

■ **Patrick Taylor**, finance director of Capital Radio, at GWR, the Bristol-based commercial radio group in which Capital has a stake.

■ **Jerome Tolot**, the representative of Lyonnaise des Eaux-Dumez, has resigned from ALFRED McALPINE, following the sale of its stake.

■ **David Prior** at GEI INTERNATIONAL.

■ **Richard Dunn**, chief executive of Thames Television and chairman of Thames Television International, as chairman of BRITISH TRANSPORT ADVERTISING.

■ **Donald Waters**, chief executive of Grampian Television, at GRT BUS GROUP.

■ **Derek Wilson**, joint md of Slough Estates, at CANDOVER INVESTMENTS: Graeme Elliot and Peter Wreford are retiring.

■ **Ian Topping** has resigned from LINCOLN HOUSE.

■ **Lars Ahrell** has resigned from CHLORIDE GROUP.

■ **Hugh Arden** has retired from DAVENPORT VERNON.

■ **David Evans**, chairman of Drambuie Liqueur, at The Conference and Incentive Travel Partnership Group (CITP).

■ **Donald Chilvers**, a former partner of Coopers & Lybrand who formed its forensic accounting group, as chairman of MERRETT Underwriting Agency Management.

■ **Nicholas Hood**, chairman of Wessex Water, at APV.

■ **Ian Preston**, chief executive of Scottish Power, at MORGAN GRENFELL (SCOTLAND).

■ **Stewart John**, formerly engineering director of Cathay Pacific, at BRITISH AEROSPACE AVIATION SERVICES.

■ **Jim McColgan**, former group md of Blue Circle Industries, and **Jim Cole**, chief executive of Dowding & Mills, at TORDAY & CARLISLE.

■ **Peter Harrison**, on his retirement as director and company secretary, at USBORNE.

■ **John Billington**, chairman of Edward Billington & Son, and **Ian Howe**, former chairman and chief executive of Kwik Save Group, at PARK FOOD.

■ **Paul Chiapparone**, senior vice-president of Electronic Data Systems, and **Jack Hancock**, retired vice-president of Pacific Bell, at PYRAMID TECHNOLOGY.

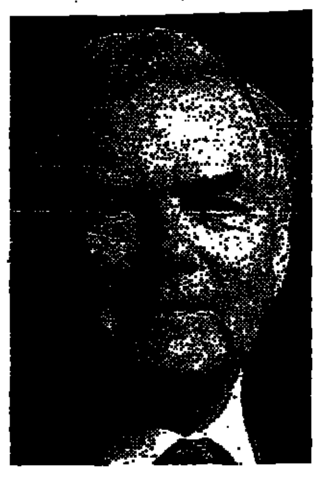
■ **Bob Hawley**, chief executive of Nuclear Electric, at W.S. ATKINS.

■ **Sven Salen** has resigned from JOHN I JACOBS.

New Clerical chairman

Next week, after 30 years as a non-executive director of Clerical Medical, Michael Hamilton (below) will take over as chairman of the mutual life insurer.

Formerly senior partner at City law firm Taylor Garrett – now part of Taylor Joynson Garrett – his long association with Clerical Medical began when he was invited to join the



board by Lord Geddes, then chairman, for whom he had done some work on shipbuilding contracts.

Hamilton does not intend to emulate the 15 years-plus in the chair of Sir Douglas Morpeth, his predecessor, expecting instead to retire in three years' time when he is 70. He estimates his new role will take up one to two days a week.

While Clerical Medical still regards its main distribution channel as independent financial advisers, it is also in the process of building up a direct sales force, though this is still in a pilot stage at present.

Hamilton sees the direct sales force and prospects for doing business overseas as the main areas of opportunity for the company in the coming years.

The main problem he feels is keeping costs down – both in terms of the company and also in ensuring that the regulatory regime for life companies is itself cost-effective.

■ **Bob Green** is promoted from joint md to chief executive of GENERAL PORTFOLIO GROUP, part of the GAN Group.

■ **Edmund McGrath**, chairman of Bradstock Blunt & Thompson, is also appointed chairman of BRADSTOCK GROUP, on the resignation of David Plunkett. Plunkett retires from Bradstock Blunt & Crawley, where he is succeeded as chairman by Robin Gibson.

Lee moves team at Hollas

Julian Lee, chief executive of Manchester-based clothing and textiles company the Hollas group, has moved relatively fast in ushering in some senior managerial changes since he taking over the helm in November 1993.

Yesterday the group announced several senior personnel moves. It firms up City belief that Lee intends steering the group into bigger waters, following a March rights issue raising £17.3m, doubling the size of the company.

That issue was used to acquire two companies – Textilion, a maker of ladies' wear, knitwear and children's clothing, and JB Hunter, holding company of Edward Macbean, which specialises in making clothing for foul weather. Textilion's customers include Marks and Spencer, Next and Boots; Gardner supplies BHS and Woolworths amongst others.

The newly expanded group is now to be split into two divisions – garments and personal protective clothing – each led by a divisional managing director. Peter Boyd, chief executive of the subsidiary Textilion, will led the garments division while Jim Hunter, chief executive of J B Hunter will take responsibility for personal protective clothing.

At the same time Bryan Hewson, who recently left Alexon, has been appointed managing director of ladies and childrenswear at Textilion; Neil Bostock remains managing director of Textilion's knitwear business. Clive Westbrook becomes financial controller for the overall Hollas group, and Bill Coll joins another subsidiary, Gardner, as finance director.

■ **Hamish Bryce**, 52, currently chief executive of Thorn Lighting group, acquired by Investcorp in June 1993, has in addition been appointed chairman.

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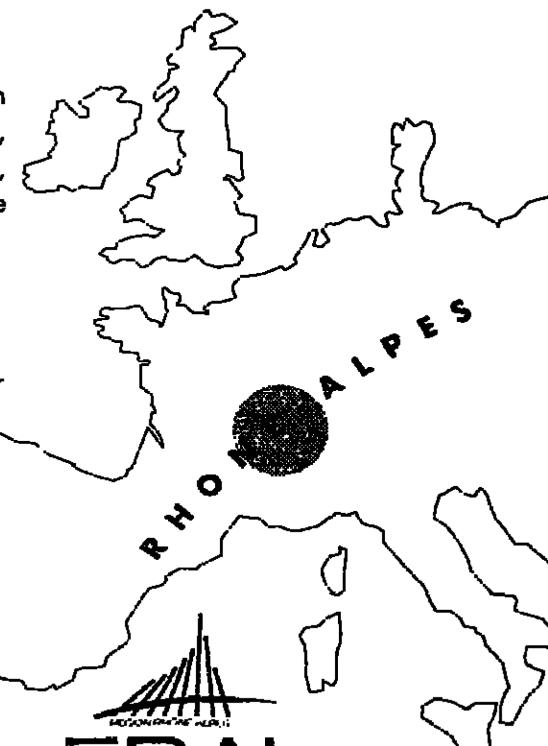

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Treacherous moral terrain

It is a shame that in Tom and Viv, which recounts T.S. Eliot's tortured marriage to first wife Vivienne Haigh-Wood, the poetry does not extend to the marketing campaign. "For Better – For Worse. Forever." simpers the poster above a shot of Tom (Willem Dafoe) and Viv (Miranda Richardson) canoodling in a punt. But this, we soon learn, is the kiss of betrayal. As Eliot becomes famous, finds God and renounces the devil, he renounces his wife too, discarding her like a first draft. It is a bit rich: Viv has mopped his brow, rewritten his work and provided the title for "The Waste Land". Less helpfully, however, she has trashed hotel rooms, embarrassed him in public and drawn a knife on Virginia Woolf.

TOM AND VIV (15)
Brian Gilbert

WIDOWS' PEAK (PG)
John Irvin

STALINGRAD (15)
Joseph Vilsmaier

FEARLESS (15)
Peter Weir

In Richardson's wild-eyed hand wringing performance, Viv's illness – a hormonal imbalance which causes manic mood swings – is distressingly vivid, though occasionally overblown. Dafoe exceeds expectations. His clipped, repressed tones (Vincent Price meets Edward Fox) betray the bewilderment and distaste of a man who can only communicate through his pen.

Adapted from Michael Hastings' stage play, these are complex, harrowing emotions, handled for the most part without sentiment by director Brian Gilbert. The finger is only pointed firmly at Eliot when Dafoe dons his Crippen specs and, instead of his usual tactic of packing Viv off to the sales, carts her off to the asylum. The final scenes fall foul of bathchairs-on-the-lawn syndrome and some ropey symbolism, but does not belittle the pain of what Viv calls "a quarter of a century of frightfulness".

There is an immediate feeling of familiarity in the first scene of *Widows' Peak*, as a vintage car zooms down a country lane, unsettling cap-wearing cyclists. This hoary old device, also gainfully employed in *Tom and Viv*, is a standard scene-setter for British period dramas. Having witnessed the sepia-tinted landscape change gradually to colour, we fear the worst.

This comedy mystery is set in a 1920s Irish village, where widows are as "plentiful as freckles on a redhead". The indomitable Mrs Doyle Counihan (Joan Plowright) has, inexplicably, taken impoverished spinster Miss O'Hare (Mia Farrow) under her wing. Aha, the armchair psychiatrist exclaims. What better way to get over her Manhattan marital misery than starring in a saga of retribution and small-town female solidarity where a woman is not complete until himself is six feet under? And, what is more, in a role originally intended for Mia Farrow's mother, Maureen O'Sullivan. But, thankfully, this is no Irish *Steel Magnolias*. The village is a hotbed of tittle-tattle which erupts into no little malice. Farrow's passive persona in Woody Allen films is pepped up by a spiteful tongue and a nice line in anti-English vitriol. Soon, she is embroiled in a seething vendetta with Edwina Broome (Natasha Richardson), who sets her coquettish sights on Mrs Counihan's idle son, Godfrey (Adrian Dunbar, trying manfully to be boyish). As insults are hurled and poison pen letters dispatched, John Irvin's otherwise unremarkable direction makes good use of Farrow's curious mix of innocence and obsession. Plowright holds proceedings together with full-throated ease and there is a mischievous performance from Jim Broadbent as Farrow's suitor.

The moral terrain is just as treacherous in *Stalingrad*, German director Joseph Vilsmaier's account of the Nazis' siege which foundered amid the frozen wilderness of the Russian winter. It is a brave film that seeks to enlist sympathy for a batallion of stormtroopers as they set about the locals in the name of the Fatherland.

While not an apologist, Vilsmaier is quick to draw the distinction between the generally honourable foot soldiers ("I'm not a Nazi, Otto") and the jack-booted sadists who command them. Betrayed by inept generals and unfaithful wives, these men are decent sorts, albeit recruited from the ranks of cinema's military stereotypes.

Flushed with success in Africa, the men are sent north to face slaughter at the hands of the Red Army. Dreaming of the future as their train trundles past innocuous fields towards an impending doom, there are already uneasy parallels with the transportation of Jews to the death camps. Both fates, the film suggests, are equally horrific.

Unflinching in its graphic condemnation of war, the film only loses its way as the men lose theirs on the long march home. It is not helped by some cheesy death scenes ("Mom, I'm sorry to leave you") and a mournful score – all lone trumpets and soaring strings – which confuses perpetrator and victim.

And when the closing credits glumly inform us that only 6,000 Germans returned from the campaign, it is difficult to suppress the blimpish response: "Well, you started it."

★

Peter Weir's fascinating new film *Fearless* is about an air crash and its effect on the lives and minds of two survivors, writes Nigel Andrews. The movie's under-performance last year at the US box office is probably due to its not being *Airport '93*.

First sin: the story begins after the crash, with the living emerging into the smoking debris, crying out for lost loved ones. There are no scenes of panic in the cabin, of flying food-trays or of Charlton Heston/Karen Black wrestling with the controls. Second sin: the story then goes all Antonioni-esque. The architect hero Max Klein ((Jeff Bridges) wanders the landscape of his past life (wife Isabella Rossellini, children, colleagues), sensing the new powers and "freedoms" that his brush with death has brought.

Is he quite alive? Is he unknowingly dead? And the Hispanic girl he befriends (Rosie Perez) who lost her baby in the crash – can he save her from despair and misplaced guilt? Add a whole lot of Christ symbolism, from Max's stigmata-like body wound to his very name (Max Klein – Big Little – Father Son), and it is no wonder that popcorn-eating America fled screaming towards Sylvester Stallone in *Cliffhanger*.

My advice: take a set of working brain cells and see. Occasionally the high-symbolist seriousness becomes ponderous. But mostly, Weir's allegorising is lightfooted and Rafael Yglesias's script, from his own novel, is full of dark ingenuity and sly metaphysical jokes.

Peter Weir can be an maddening director. He has spent his career looping in and out of his vocational forte – that eerie, playful pop-mysticism – like an aeroplane receiving faulty messages from the tower. Now *Picnic At Hanging Rock* and *The Last Wave*; now *Green Card*, *Dead Poets Society*. .

But *Fearless* is the real, daring thing. The screen and soundtrack shimmer with animating uncertainty for two hours. Changing camera speeds are used to conjure moments of scarce-perceptible slow motion; a pedestrian crossing sign's red hand has a sudden otherworldly menace; the toys in a shopping mall seem more "real" than the ghostly Bridges and Perez; the babble of voices at the crash site are interwoven with eerie cries and chitterings as if from another planet. The style is fit to dazzle us and Bridges and Perez keep a human pulse beating, like an *ostinato*, even when the style itself threatens to overpower the drama.

Miranda Richardson: a hand-wringing performance as Eliot's wife in 'Tom and Viv'

Scottish Opera

Peter Grimes

From politicians' sex lives to violent videos, public concern over morality seems a peculiarly British phenomenon. It is at the heart of Britten's first full-scale opera, which shows a small seaside town embarking on a moral crusade to bring the outsider Peter Grimes into line – with tragic results.

Although it is 50 years since the opera was written, it still packs a powerful punch. Scottish Opera has largely done it justice with this new production, as it has with other operas tackled this season. The company seems to be moving on to firmer ground, announcing yesterday at its annual press conference that it has cleared its financial deficit a year early and is cautiously optimistic about the future.

There were no signs of skimping in *Peter Grimes*. After a long period in which the opera has been played against bare sets stripped down to the essentials, the style here was quite elaborate. The sea-front of "The Borough" (Britten's barely disguised portrayal of Aldeburgh) has once again become a picture-postcard parade of shops and houses, including the local church and Auntie's pub, "The Boar".

When Joachim Herz was active in Britain in the 1970s, East Germany was still in existence and he was one of its roving band of controversial producers overseas. He seems to have mellowed since then. His assertion in the programme that the townspeople of "The Borough" are ants slaving to work for Mammon can be read as an attempt to keep old socialist beliefs alive, but the idea is not worked at insistently on stage.

By and large the production is as traditional as Reinhart Zimmermann's designs. As dawn breaks, a fishing community starts the day's work, the women scraping the newly-caught fish, the men weighing them for market. Only a tendency to staginess weakens the effect, for Britten's first success at opera is a touch naive and responds best to handling which is natural and sincere.

It gets that in Anthony Rolfe Johnson's Peter Grimes, which was no doubt the *raison d'être* for the production. (He will sing the role at Glyndebourne and New York.) The contradictions of Grimes the visionary and the bully are held judiciously in balance. He treats his young apprentice roughly but gives him his own jacket in the storm, hits him but tells him gently not to worry. Most tenors find this a taxing part to sing and in Rolfe Johnson's case that manifests itself as some strain at the top of the voice.

Rita Cullis sings beautifully as an elegant Ellen Orford, who looks as if she has had a softer life than most in "The Borough". Russell Smythe plays a sympathetic, but lightweight Balstrode, not the usual hardened sea-dog. "The Boar" is well staffed by Patricia Boylan's hearty Auntie and her two tempting "nieces", Anne Dawson and Ann Archibald. Anthony Roden as the moral ring-leader Bob Boles has a fanatic gleam in the eye. Catherine Wyn-Rogers is too young by half for the old busybody, Mrs Sedley.

At the start there is not much sea spray in the music, but Richard Armstrong builds up a tidal wave of intensity. Scottish Opera must be glad to have a Music Director with his experience. For the 1994-5 season Armstrong will conduct three of the new productions: Beethoven's *Fidelio*, Donizetti's *Maria Stuarda* and Schnittke's *Life with an Idiot*. Nicholas McGegan will look after *Le nozze di Figaro*.

Richard Fairman

Dance/Clement Crisp

Posturing with Bill T Jones

At the end of an evening spent with Bill T Jones and his dancers – and rarely can an evening seem longer – you realise that there is no substitute for choreography. Jones and his troupe have been industriously trying, as the aeons pass, to show that there is an alternative – it is called posturing – but attitudinise and scamper as they may, the stuff on display is artistically naif, visually dire.

Jones and his cohort opened a week's season on Tuesday. After a 25 minute wait while Sadler's Wells – which wins my vote as the most graceless theatre in London – crammed in the last of the audience, the curtain rose to reveal two figures in a setting of white drapery, a male dancer having made a swift, acrobatic exit. One was slowly tightening a length of cloth about her head; the other, a man spreadingly obese and naked (but mercifully with his back to us), was auditioning for Lucian Freud's next study of all-too-solid flesh. A Penderickí score accompanied these enchanting activities. Thereafter, events were a Gadarene rush entitled *Absence*. Absence of what – talent; interest; purpose – was left to us to decide.

Battening on good music is the mugger's way with dance. Jones next chose to torment Berlioz' *Nuits d'été* – in the exquisite Régine Crespin recording – by nailing a sequence of fatuous incidents on the music's shimmering surface. Men wore long skirts but were bare chested. Women, in tights or little black dresses, registered grief. Jones took flash photographs of his dancers. Posturing was epidemic. Dull mime, heavy breathing, cheap-jack sentimentality, were the currency of a piece where every coin was false. The finale – set, dear Heaven, to *Le spectre de la rose* – showed the cast in white sheeting (the stage looked like a linen-draper's window in Hell) trailing upstage into the white drapery while one of the men proved that nudity on stage is no enhancement to religiosity. This miserable scene might pass as a beatific vision from a television evangelist: on any other terms it was insufferable.

The two other works in the programme were equally noisome. *Achilles loved Patroclus* was a solo for Arthur Aviles who shimmied and strutted among classical columns, fragments of speech and a clattering rock score. *D-Man in the waters* jumped on the Mendelssohn octet and was a survey of the clichés in Jones' compositional kit. (Bodies rolling over the stage; hands flapping in front of the face; feverish but unfocussed energy; portentous, hollow gesture). It does not bear comment. The Jones manner is not about dancing at all. It makes all the politically correct moves for our time – ethnically, emotionally, sexually, even in its vagaries of dancers' size and skill – but none of the moves has choreographic interest.

Bill T Jones and Company are at Sadler's Wells until April 16.

Theatre/David Murray

Ghost from a Perfect Place

In Philip Ridley's second Hampstead Theatre play, the "ghost" is Travis Flood, a *revenant* from lengthy American exile back to Bethnal Green, the "perfect" scene of his younger gangsterhood. He manifests himself in the dingy flat of crumbling old Torchie Sparks, as a pre-booked client for her whoring granddaughter Rio, met by chance in a graveyard. Their sudden acquaintance has much older roots than they realise. It takes most of the play to dig them up, rather slowly, though things take a nasty turn well before that.

The names represent a certain restraint on the playwright's part: in his award-winning *Fastest Clock in the Universe* (1992), the *dramatis personae* included Sherbet Gravel and her fiancé Foxtrot Darling. There is room for conjecture that Ridley begins a play by thinking up such monickers, and then imagining characters who could fit them. That would explain a lot. His director here is again Matthew Lloyd, who anchored the evasive, quirkily formal dialogue of *The Fastest Clock* in a densely palpable situation, kinky and explosive.

Ghost is a tougher nut, for its very structure is wilfully formal. The first act comprises two extended duets: one for Torchie and Travis, including her long recall of the old days when he was a respected East End brute, and his own account of his plushy Hollywood retirement now; the other for Travis and Rio (a Pirandello echo: remember the father-daughter confrontation in the *Six Characters* brothel?). Each narration draws its hearer into helping to re-enact it on the spot. Inevitably, there is a whiff of Actor's Exercises in the air.

Act 2 goes directly over the top, with Rio joined by her teenage "Cheerleaders" – Miss Sulphur and Miss Kerosene, sister-harpies in matching gold get-ups – to subject her client to sado-masochistic torment (choreographed by Ian Poitier). At least one woman in the audience fled during the cigar-burn treatment. When the weightiest facts come out at last, Travis drops another mask or two as the action curdles into a dying fall. But the dramatic force of a return-to-bleak-reality presupposes an earlier brave facade; here, since what went before was all actorish games, no room has been made for any real, ground-level pain to surface.

Nonetheless, John Wood has a whale of a time as Travis. Initially six feet of baleful loom, in a rectangular don't-mess-with-me suit and improbably black hair and beetle-brows, he soon melts into a kind of blinking benevolence in his old stamping-ground. Enthralled by Torchie's memoirs, he multiplies his tics, double-takes, horse-faced *moues* and sudden stentorian roars to a ripe Michael Hordern level. Bridget Turner's Torchie keeps pace with him; and as Rio, Trevyn McDowell's vicious Madonna-clone fulfills the darker promise of her *Middlemarch* Rosamund for the BBC. I didn't believe a word of any of it, but others might find its arch rhythms weirdly compelling.

INTERNATIONAL ARTS GUIDE

ATHENS

Megaron Tomorrow: Vassily Sinaiski conducts Athens State Orchestra in works by Chopin, Schumann and Weber. Mon and Wed: Maurizio Pollini piano recital (01-728 2333)

BARCELONA

Palau de la Musica Tomorrow, Sat, Sun morning: Karl Osterreicher conducts Barcelona City Orchestra in works by Mozart, Liszt and Beethoven, with piano soloist Armands Abols. Sun evening: Vienna Octet plays works by Mozart, Brahms and Beethoven (268 1000)

BOLOGNA

Teatro Communale A new production of Verdi's I Lombardi alla Prima Crociata, conducted by Marco Guidarini and staged by Giancarlo Cobelli, opens tomorrow with a cast led by Ruggero Raimondi and Norma Fantini. Repeated April 17, 19, 26, 28, 29 and 30. Sabine Meyer Wind Ensemble gives a recital on Mon (051-529999)

GENOA

Teatro Carlo Felice A new production of Norma, conducted by Bruno Bartoletti and staged by Fausto Cosentino, opens on Sun afternoon with a cast headed by Maria Dragoni and Fabio Armiliato. Repeated April 20, 23, 24, 26, 27 and 29 (010-589329)

LONDON

THEATRE

● Les Parents Terribles: Sean Mathias directs Jeremy Sams' new version of Jean Cocteau's greatest stage success, about a tangle of incestuous relationships within an eccentric, self-devouring family. Starts previewing tomorrow in the Lyttelton, Press night next Thurs (National 071-928 2252)

● Hamlet: Julia Bardsley directs a new production with Rory Edwards in the title role and Natasha Pope as Ophelia. Starts previewing tonight, Press night next Tues (Young Vic 071-928 6363)

● Hated Nightfall: Howard Barker directs his new play about the last hours of the Russian imperial family, with a cast headed by Ian McDiarmid (Royal Court 071-730 1745)

● The Merchant of Venice: David Calder and Penny Downie take the leading roles in David Thacker's RSC production, transferred from Stratford, showing a modern city riddled with racial hatred (Barbican 071-638 8891)

● A Month in the Country: Helen Mirren and John Hurt star in Turgenev's languid portrait of romantic evasions in a world of flux (Albery 071-867 1115)

● Travesties: Antony Sher heads the cast in this West End transfer of Adrian Noble's RSC production of Tom Stoppard's 1974 comedy (Savoy 071-836 8888)

● Johnny on a Spot: Richard Eyre directs Charles MacArthur's 1942 play - part political satire, part wise-cracking American comedy. In repertory in the Olivier with Alan Bennett's acclaimed stage adaptation of The Wind in the Willows (National 071-928 2252)

● An Evening with Peter Ustinov: a limited season of 24 performances, starting next Wed (Haymarket 071-930 8800)

OPERA/DANCE

Covent Garden The Royal Opera tonight revives Di Trevis' 1991 production of Harrison Birtwistle's Gawain, with a cast led by John Tomlinson and François Le Roux conducted by Elgar Howarth (repeated April 16, 20, 22, 28). Jacques Delacôte conducts a revival of Nuria Espert's production of Carmen on Tues for a four-week run, with alternating casts including Elena Zaremba/Denyce Graves, Richard Margison/Placido Domingo and Marie McLaughlin/Cynthia Haymon (071-240 1066)

Coliseum ENO gives the world premiere next Wed of Judith Weir's new opera Blond Eckbert, conducted by Sian Edwards and staged by Tim Hopkins. Repertory also includes Philip Prowse's production of Bizet's Pearl Fishers (till April 28) and Yevgeny Onegin (till May 6), with Peter Coleman-Wright and Cathryn Pope, conducted by Alexander Polianichko (071-836 3161)

CONCERTS

South Bank Centre Tonight, Sat: Klaus Tennstedt conducts LPO in Brahms' Violin Concerto (Kyung-Wha Chung) and Beethoven's Seventh Symphony. Tonight (QEH): Brodsky String Quartet with pianist Peter Donohoe. Tomorrow: Carlo Rizzi conducts LPO in Schubert, Mozart and Mendelssohn. Sun: Günter Wand conducts BBCSO in Beethoven's First and Third Symphonies. Tues: Mariss Jansons conducts LPO in Schnittke, Mozart and Strauss, with cello soloist Heinrich Schiff. Wed: Charles Dutoit conducts Montreal Symphony Orchestra in Stravinsky, Mozart, Debussy and Ravel, with piano soloist Stephen Kovacevich (071-928 8800)

Barbican Sun: Mikhail Pletnev is piano soloist and conductor with LSO in works by Mozart, Beethoven and Shostakovich. Mon, Wed: Libor Pesek conducts RPO in two programmes, including works by Suk, Dvorak, Kodaly, Mozart and Brahms, with piano soloist Louis Lortie. Tues: Evelyn Glennie percussion recital. Next Thurs and Fri: Kurt Masur conducts Leipzig Gewandhaus Orchestra (071-638 8891)

MADRID

Auditorio Nacional de Musica Tonight: Stamitz Quartet plays music by Mozart, Valentin Ruiz and Dvorak. Tomorrow, Sat, Sun: Enrique Garcia Asensio conducts Spanish National Orchestra and Chorus in works by Shostakovich, Borodin and Jacobo Duran-Loriga. Tues: Ivan Monighetti cello recital (01-337 0100)

Teatro Lirico La Zarzuela Mon: Garcia Navarro conducts first night of Un ballo in maschera, in a production by Guy Joosten first staged at Brussels in 1989. Cast includes Luis Lima, Juan Pons, Anna Tomowa-Sintow and Elena Obratsova. Repeated April 21, 23, 26 and 28 (01-429 8225)

MILAN

Teatro alla Scala This month's repertory consists of Don Pasquale and Kenneth MacMillan's ballet Manon. The Donizetti runs till April 22 with casts including Bruno de Simone, Nuccia Focile, Eva Mei, Ferruccio Furlanetto and Lucio Gallo. The MacMillan ballet, with Massenet's music conducted by Patrick Fournillier, opens on Sat with a cast led by Alessandra Ferri and Julio Bocca (02-7200 3744)

NAPLES

Teatro San Carlo Tonight, Sun afternoon: Reynald Giovaninetti conducts Beppe De Tomasi's production of La Favorita, with Luciana D'Intino, Giuseppe Sabbatini and Paolo Coni (081-797 2331)

Teatro delle Palme Tonight: Yevgeny Kissin piano recital (081-406011)

PRAGUE

Dvorak Hall Tonight, tomorrow: Gerd Albrecht conducts Czech Philharmonic Orchestra in works by Pavel Haas, Martinu, Viktor Ullmann and Brahms. Mon: Talich Quartet plays string quartets by Tchaikovsky, Fiser and Dvorak. Tues: Pardubice Chamber Orchestra plays music by Bohemian composers of the baroque and early classical period (02-2489 3352)

National Theatre This month's repertory includes Dvorak's Rusalka and The Devil and Kate, Smetana's The Kiss and The Bartered Bride and Verdi's Don Carlos (02-2491 3437). Estates Theatre has staged performances of Mozart operas on April 15, 19, 25 and 29 (02-2421 5001)

ROME

Teatro Olimpico Tonight: Miriam Fried violin recital. Next Thurs: Stanislav Bunin piano recital (06-320 1752)

Teatro Valle Tomorrow: Artis Quartet. Sun morning: King's Singers. Sun evening, Mon, Tues: Christian Thielemann conducts Orchestra dell'Accademia di Santa Cecilia in works by Brahms and Beethoven, with piano soloist Lars Vogt (06-678 0742/06-6880 3794)

Teatro Il Sistina Mon: Christian Zacharias plays a Beethoven Piano Concerto marathon (06-5734 4664)

Universita La Sapienza Tues: Alexander Rusin conducts Orchestra da Camera Arpeggione in works by Purcell, Elgar and Britten, with piano soloist Marisa Tanzini (06-361 0051)

VENICE

Teatro La Fenice Tristan und Isolde opens on Sat in a production conducted by Marek Janowski, with a cast led by Siegfried Jerusalem and Gabriele Schnaut. Repeated April 20, 23, 27, 30, May 3 and 7 (041-521 0161)

ARTS GUIDE

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Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Sky News: FT Reports 0430, 1730;

Green grow the accusations

BOOK REVIEW

MORTGAGING THE EARTH – The World Bank, environmental impoverishment and the crisis of development
By Bruce Rich
Earthscan Publications, £14.95. Beacon, $29. 376 pages

Fifty years after its creation, the World Bank faces a chorus of complaints that the $24bn worth of loans it makes a year is failing to bring about the kind of economic development it intends. One of the most frequent accusations is that the bank's projects are also destroying the environment.

That charge was partly acknowledged by the bank last year, when it withdrew a proposal to lend India money to build the Narmada dam in Gujarat state, west India. Critics of the $3bn project to provide electricity and irrigation said it would destroy wildlife habitats and force thousands of people to resettle.

According to Bruce Rich, the Narmada episode is just one example in a long list of World Bank projects which have brought "ecological devastation". Rich, a campaigner at US lobby group the Environmental Defence Fund, is right in his criticism of the bank's lending practices on many counts.

Several World Bank-funded schemes have become notorious for their ecological impact. Road building through the rainforest of north-western Brazil accelerated logging of hardwood trees; the bank then felt obliged to back further projects intended to counteract that damage. Indonesian transmigration – the relocation of people from the western Indonesian islands into the untouched forests of Irian Jaya – caused extensive disruption of the island's native communities and of the plants and animals that supported them. The scheme did not alleviate poverty, but simply redistributed it, Rich argues.

He is right, too, in his analysis of some of the causes of these misjudgments. He points to the bank's preference for projects such as dams, road building and irrigation schemes, which have environmental and social consequences that are often hard to anticipate.

But he seems misguided in ascribing the bank's failings to a thirst for power and to its "official culture of secretiveness". A sprawling chapter, "From Descartes to Chico Mendes" (who campaigned against Brazil's timber policies), declares that the bank represents a centuries-old western tradition of dominating other societies and the natural world.

A better explanation might be that the bank favours large schemes because of the difficulty and expense of gathering information on smaller projects, and because of the need to control overheads.

Rich's taste for grandiose pronouncements on cultural trends makes many of his descriptions frustratingly abstract. "To see Singrauli today is to witness a nihilistic negation of nature and humankind", he says of one Indian industrial region – which hardly conveys what it feels like to be there.

Even where he introduces particular cases of ecological destruction, his attacks on the World Bank are frequently imprecise. For example, when talking about the environmental impact of commercial shrimp farming in Thai mangrove swamps, he does not say how much tree felling would have happened regardless of the bank's involvement.

However, the book's main weakness is that it judges the bank only by an ecological yardstick. Rich makes no attempt to assess how the bank rates against its own goals of fostering economic development and reducing poverty. He quotes people who object to projects, but does not examine whether other groups – or the countries overall – have benefited from the World Bank's presence.

Rich does not give sufficient credit to recent soul-searching at the bank – including a conference last year on proposals for reforming its lending practices and environmental standards. After Narmada, the bank produced a series of scathing internal reports, which concluded "neither the board nor the president wants more surprises about problems with ongoing projects".

It becomes clear, as Rich rails against "the seemingly unstoppable, inevitable face of development", that he is at heart uncomfortable with the pursuit of economic growth. As helping countries to grow is one of the bank's central aims, it is perhaps inevitable that no World Bank project meets with his approval.

Tellingly, he concludes that "nature itself appears in revolt against this empire of man over things". Readers may feel at many points that Rich does not much like people, unless they belong to indigenous tribes.

These weaknesses are unfortunate, because Rich poses timely questions about the World Bank's role. Anxieties about whether resources are applied to the most deserving projects, and about how success should be measured, now confront many of the international institutions set up after the second world war – notably the International Monetary Fund, the World Health Organisation and the International Atomic Energy Agency, the nuclear watchdog.

The European Bank for Reconstruction and Development, set up in 1991 to help rebuild eastern Europe and modelled partly on the World Bank, has grappled with similar issues.

If the World Bank now faces more searching questions about its role than in the past, that is not entirely the fault of its lending record. It also reflects the growing debate about the proper economic and environmental relationship between the developed and developing world.

For instance, how much financial help should industrialised countries give to the third world, and what strings should be attached? Are western campaigners wrong to try to impose their "green" standards on other countries?

Rich does not solve such conundrums. He is right, though, to argue that the bank needs to find answers, because the questions will not go away.

Bronwen Maddox

ECONOMIC VIEWPOINT

Markets fret over future inflation

By Samuel Brittan

Securities markets have been pausing for breath since Easter after a bout of nerves in the early months of this year. The main pressures have come from US bond markets.

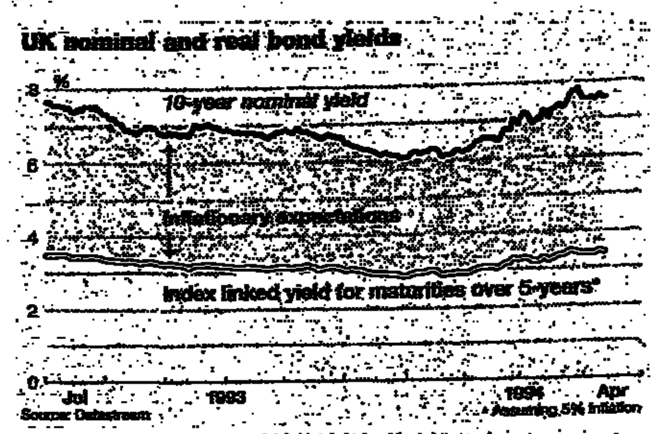
Part of the turbulence has been due to what the US bond analyst Henry Kaufman calls structural changes, such as "the leveraged activities of high-octane portfolio managers" and the spread of mutual funds to high-risk areas. But there are also economic reasons, or at least fears.

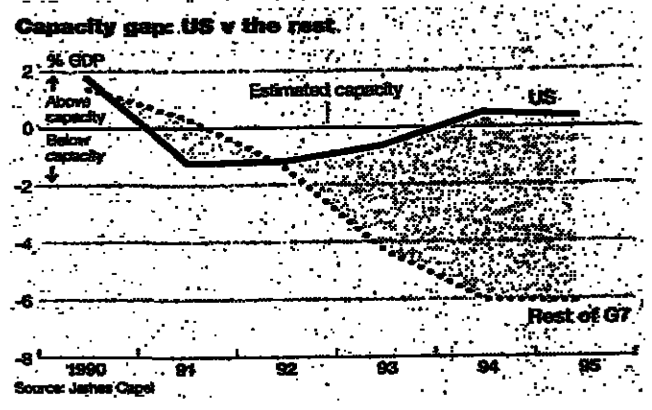
The smart thing to say during much of 1993 was that inflation was yesterday's worry, and that the present concern was deflation in the sense of falling prices of assets and tradeable commodities. This is still true in Japan. In the US, however, the fashionable view has changed almost overnight, to that of inflation being a danger after all.

US short-term interest rates have risen by somewhat more than suggested by the headline rises in the Fed Funds rate. The Fed is, however, being criticised for not moving earlier and more sharply to raise interest rates. Wayne Angell, until recently a Fed governor, has criticised the US central bank for seeming to give zero inflation a secondary priority compared to "getting the economy going". Angell was in the Fed minority voting for higher interest rates last December. His present prescription is to raise the rarely moved official discount rate by a shock full percentage point to 4 per cent, which he believes would take the Fed Funds rate to 4½ per cent and no doubt shift market rates higher still.

The Clinton administration is trying to shout down the worriers with the assurance that there is no inflation on the horizon. But the neat division of labour under which the White House exhorts and the Fed acts is, however, threatened by the administration's continuing desire to edge the dollar down, and the already ridiculously high yen still further upwards. This will be – fortunately – more difficult if US interest rates are rising, thus increasing the attractions of dollar over yen holdings.

The existence of indexed gilts in the UK allows one to make slightly more informed guesses about market dynamics. The redemption yield on the UK medium-term benchmark bond has risen since the end of the year by nearly 1½ percentage points to about 7½ per cent. During the same period the yield on longer-term indexed gilts has increased by slightly less than ¾ percentage points, which is a rough index of the increase in long-term real interest rates. The remaining rise represents an adverse shift in inflationary expectations. Indeed the bond market evidence suggests a long-term expectation of UK inflation of a little more than 4 per cent a year. This is much below the average of the past two decades, but worse than appeared likely during last winter's euphoria, and a whisker above the upper end of the UK government's target range.





The yield on US 10-year bonds has risen even more than the UK yield: by about 1¾ percentage points from a lower trough in the autumn of 1993. But international capital market integration may have reached the point where UK indexed gilt yields are relevant in US markets. In that case we have to conclude that inflationary expectations have deteriorated by more than a whole percentage point in the US – quite a lot when one is talking about a decade ahead.

What is the source of this inflationary pessimism? A survey by the UK broking firm, James Capel, concludes that underlying US inflation is around the headline rate of 2½ per cent, and that there are no visible upward pressures on costs. The main adverse signal comes from commodity market indices, where price rises are relatively modest and may be in response to exaggerated world growth expectations.

Nevertheless James Capel shares the worries of the Fed hawks about the inflationary outlook. The lags in monetary policy are so long that policy has to be tightened now if inflationary pressures in 1995 and 1996 are to be countered. The danger is illustrated in the chart. US output is now believed to be pressing against the limits of capacity – not physical capacity, but the rate of operation beyond which inflation accelerates.

No country has solved the question of how to set policies whose full effects on inflation will not be apparent for two or three years. Although I am a fan of charts of 'output gaps', I use them to illustrate fundamental ideas, and not because I take the posited numerical relationships seriously.

No country has discovered how to set policies whose full effects on inflation will be long delayed

James Capel, for instance, expects that a modest acceleration in the actual US growth rate to 3¾ per cent in 1994 would be sufficient to trigger a 4½ per cent inflation rate in 1995. In fact, we do not know even approximately, either the underlying growth trend, or the safe level of capacity utilisation, or the degree of sensitivity of inflation to a given pressure on capacity.

We do not even know the relative weight that US policymakers ought to put on the divergent output gaps in the US and the rest of the world. For the very same estimates, which show the US working slightly above the safe limit of capacity, show all the other Group of Seven leading industrialised countries working at an average of no less than 6 per cent below capacity.

What then should Alan Greenspan do (apart from making sure of a majority on the Open Market Committee)? An appropriate policy would be a mixture of something he has already discussed and something he has not. He has said that real short-term interest rates have been artificially low while the economy needed support, but they now need to return to a normal level.

What might that be? US three-month real interest rates are about 1¼ per cent a year on the basis of a conventional backward look at inflation, but only about ½ per cent on the basis of medium-term inflationary expectations. What is a normal short-term real rate? One might say 2-3 per cent on the basis of historical averages. Reasoning along these lines would suggest that US market rates be jacked up by a further 1, or probably 2, percentage points at the earliest opportunity.

But the Fed needs a safety device as well, and should not put all its faith in a fallible estimate of normal real interest rates. Faithful readers will not be surprised to find my suggesting Nominal gross domestic product as a check. This can be looked at as a combination of inflation plus real growth. It is better than an inflation target alone, because how fast the economy is growing sheds some light on likely inflationary pressures – or the absence of them – some time ahead. A Nominal GDP guideline also gives headroom for a little more growth, if inflation continues to come in at rates lower than expected, and would support a further tightening if inflationary pressures build up unexpectedly.

To summarise: the US needs a further rise of 1-2 percentage points in short-term interest rates. The process should be halted or reversed if the growth of US GDP falls in nominal terms much below 5 per cent, but intensified if it rises much above 6 per cent. Need I say that I am talking about trends and not quarter-to-quarter vagaries of the national income figures?

By the same criteria German monetary policy needs to be loosened further, especially if a forward rather than backward-looking view of inflation is taken in estimating both real interest rates and Nominal GDP. In Japan short-term real interest rates seem below 1 per cent if measured by consumer prices; but they are a good deal higher if related to producer prices, which have fallen by more than 2 per cent in the past year. All three countries are moving in the right direction, but too slowly and too late – with Germany lagging a good deal more than the US.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
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John Smith likely to be offered more sympathetic view

From Giles Radice MP.

Sir, In your leader ("Mr Major's anniversary", April 9) on John Major's record since the election two years ago, you tacked on a dismissive last paragraph about the Labour party, ending with the eccentric judgment that John Smith's last two years as leader had been "a nullity".

Of course, Labour's massive lead in the opinion polls is partly a reflection of the government's deep unpopularity. But for some time, the trend of underlying attitudes, always a more accurate guide to public opinion, has also been running in the party's favour. Voters now trust Labour far more, believing it to be both united and sensible. They also think that it would handle the economy better than the Tories. Equally important, they perceive John Smith as caring, competent and, above all, prime ministerial.

As to policies, it is ludicrous to expect the Labour party to produce detailed policy statements two years before the next election is due. However, on the direction of the economy, on tax and spending, on law and order and on democratic reform, it is developing a fresh approach, while Labour's European policy is very different from that of the Tories.

Of course, it would be wrong for Labour to be complacent when there is still such a long time before the next election. But the Smith leadership has made a promising start which will be fully tested in the coming local and European elections. I predict that the voters will take a much more sympathetic view of the Labour party than your leader writer.

Giles Radice,
House of Commons,
London SW1A 0AA

Advertisers see need for additional TV channel

From Mr Kenneth Miles.

Sir, In the Broadcasting Act the government made it clear that a fifth TV channel (and possibly a sixth), financed by advertising and sponsorship, would be high on the agenda. Channel 5 will provide a 25 per cent increase in terrestrial channel choice for all UK viewers, and added opportunity for broadcasters, programme makers and advertisers.

Naturally, all issues have a number of different sides, and the letter from Mr Richard Norman (April 8) quite clearly stated his interest – that of the manufacturers of TV sets. He argued that the case for Channel 5 had now been overtaken by technology, suggesting that digital technology "offers the prospect of extra channels within 3-5 years".

However, there is another important side, and this is the case that I would like to put. Advertisers throughout industry need an additional commercial channel, particularly in the light of all the mergers and takeovers now proceeding in ITV. We need Channel 5 without delay and the mere prospect of something else within three or five years is simply not a good enough argument to stand in its way. Viewers, too, need this additional viewing opportunity – only a small minority of homes currently choose to pay for satellite or cable and, even by the year 2000, it will still be a minority – a larger one, perhaps, but still a minority.

Consequently, my association believes strongly that the case for Channel 5 is still very powerful and we urge the government and all concerned to allow this new opportunity, promised in the Act, to proceed without delay. We believe in competition, and we know that they will want competition too. The technological opportunities will not disappear, but there is no reason why they should be given first priority over a new terrestrial channel in the immediate future.

Kenneth Miles,
director general,
Incorporated Society of British Advertisers,
44 Hertford Street, London W1

Ill-judged, but not arrogant

From Mr Trevor Surgenor.

Sir, Ian Rodger, in an otherwise fair and balanced survey of Switzerland, describes the referendum decision against joining the European Economic Area ("Increasingly awkward position", April 8), and presumably also the decision to ban all transit lorry traffic from the Alps from 2004, as "arrogant". How can such an exercise of democracy be "arrogant"? Surely at worst it could be described as ill-judged or short-sighted?

Trevor Surgenor,
37 Queen's Park,
Coleraine BT51 3JS
Northern Ireland

Missing an opportunity

From Mr Dominic Portoraro.

Sir, Knowingly or not, Ian Davidson ("Russia policy is vital", March 30) touches upon the power vacuum which a careful observer perceives and which the EU seems unable to fill. I have always marvelled at the UK's reluctance to accept a United Europe as an excellent opportunity to excel again by embarking on and leading a new venture in power.

Dominic Portoraro,
PO Box 691, Sta. P,
Toronto M5S 2Y4, Canada

Scale of of likely economic problems in Turkey is exaggerated

From Emre Yiğit.

Sir, I must disagree with certain of the conclusions in the two articles "Turkish package fails to put doubts to rest" and "Falling back to earth with a bump", published on April 7.

My first problem is with the statement that "recent lira depreciation means Turkey's foreign currency debt has more than doubled". Turkey's foreign debt is, of course, denominated in foreign currency. Indeed, the debt-to-gross national product ratio has, perhaps, doubled. So what? Foreign debt is serviced from hard currency earnings. Are you implying that foreign exchange revenues, in particular net exports, are likely to halve this year? I would hope not – imports of non-essential goodies and certain investment items have already been cut dramatically, and exports should surge soon. For that matter, the 1993 current account deficit, at just above 3 per cent of GNP, was not a figure to excite gloom.

You say that the economy will contract sharply in 1994. Our calculations indeed show that domestic demand will fall sharply; but the rise in net exports should compensate, and lead to a year of overall zero growth. You exaggerate also the problems to be encountered during the proposed lay-offs; indeed, where has an austerity package been met with delirious joy?

Finally, concerning the performance of the Welfare party which, in a fair and free election, gained some support. Among other things, Turkey is the only Islamic state that has no vestiges of sharia law; where a woman can rise to be prime minister not on the strength of her surname but on her own merit; which is a member of the OECD and an associate member of the European Union; and where the pro-western faction is much more numerous and possibly even more vocal than the fundamentalist. The Turkish republic is strong enough in its institutions and sincere enough in its democratic ideals to greet the result with equanimity.

The ultimate question is twofold. The first part is sophistry: where do the Turks want to see themselves? The second, of greater value, is: where do our long-standing partners and allies wish to see us? The conclusion should ultimately be: fully integrated into the EU. This would both cement the EU's claim of global political importance and rejuvenate it. For Turkey, it would be consummation of a passionate dream and of cool pragmatism.

Emre Yiğit,
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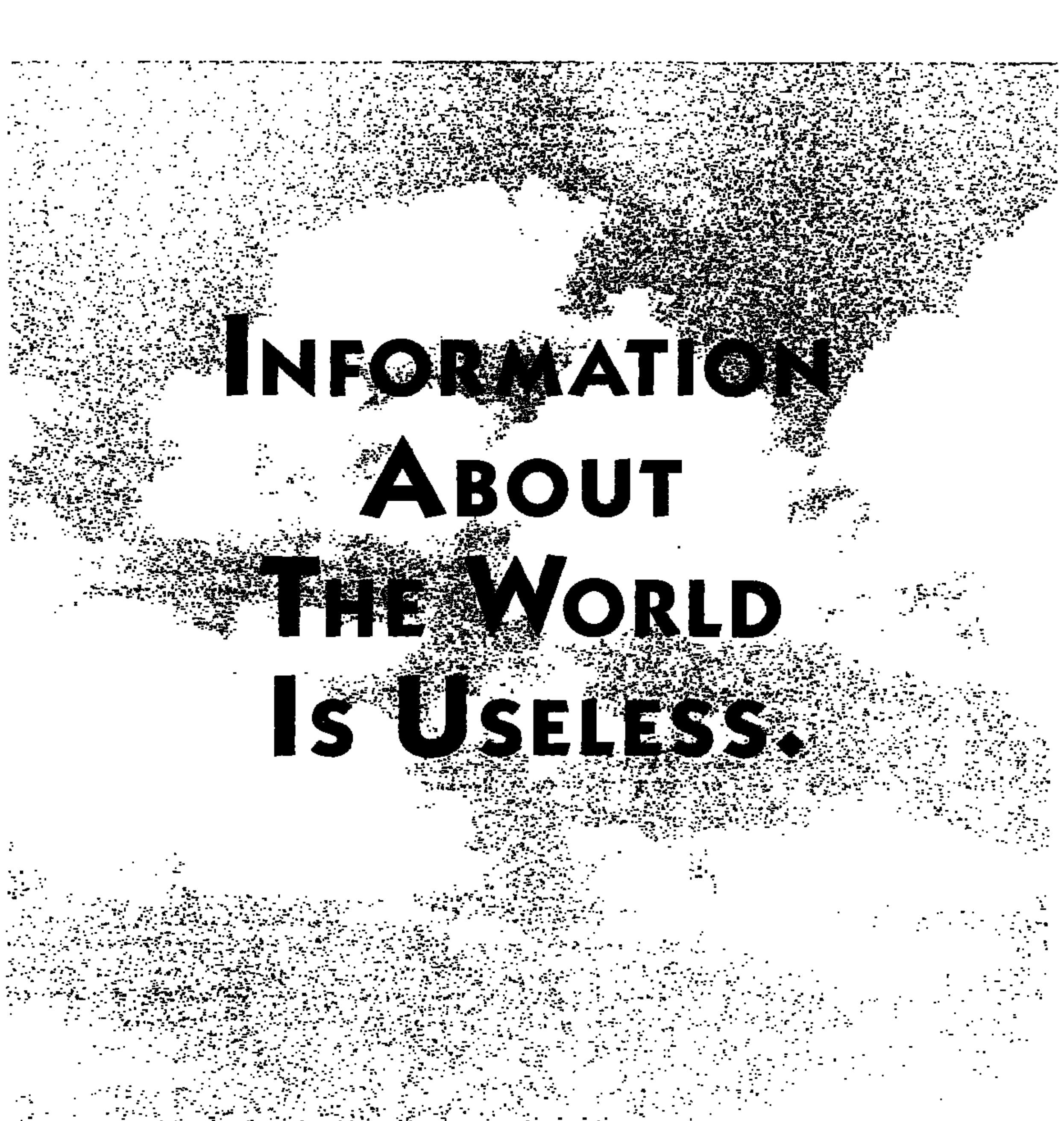
Sisli – Istanbul,
Turkey



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Thursday April 14 1994

Unsound deals in Germany

Germany has proved comfortingly resistant to the speculative asset price inflation of the sort that has plagued economic management in recent years in Anglo-Saxon countries and Japan. The apparent near-bankruptcy of the Jürgen Schneider property group, an unquoted company heavily indebted to banks and to trade creditors, does not prefigure a collapse of the German property sector.

The group's difficulties, and the disappearance of Mr Jürgen Schneider, do however provide further evidence of the strains on the corporate and banking sector in the recessionary aftermath of the 1989-91 unification boom. Schneider's troubles also raise questions about unsound financing in east Germany, where some of Mr Schneider's best-known projects are based.

Schneider appears to have become over-exposed in prestige projects in both east and west Germany. Investment in many building projects east of the Elbe seems to have been driven more by the provision of generous tax breaks than by a realistic assessment of the economic outlook. In an election year, Schneider's misfortunes have political repercussions. Chancellor Helmut Kohl yesterday voiced worries about the prospect of lay-offs on east and west German building sites.

There are some parallels with the pre-Christmas difficulties of the Metallgesellschaft metals group, which had to be bailed out with a DM3.4bn banking rescue after large losses through ill-supervised oil futures trading. The leading bank involved in both affairs is the Deutsche Bank. Damage to banks' balance sheets may be limited by the secured nature of most of their credits to Schneider. But after two highly-publicised corporate failures within six months, Germany's largest bank will not be able to avoid questions about its credit procedures.

Deutsche Bank executives have recently started to limit their activities in steering the long-term fortunes of German companies through supervisory board chairmanships. Banks are bound to become more exposed to credit risks in the advanced stages of a recession. An effort to concentrate energies on core banking business seems prudent.

As the example of the late Mr Robert Maxwell shows, banks can sometimes be seriously misled by charismatic figures running groups with entangled accounting practices. Deutsche and its partner banks seem to have invested exaggerated trust in Mr Schneider's personal capacities. His operations have been protected from scrutiny by the low standards of accounting disclosure to which unquoted German companies are subject.

The Schneider affair may prompt the German authorities to take steps to clear up shortcomings in the transparency and accountability of privately held groups. The short-term priority, however, as Mr Kohl indicated yesterday, is to prevent the setback from disrupting the slow recovery in east Germany.

Paying for parties

The business of fighting elections is an expensive one in modern democracies. Political parties need large sums of money to pay for their campaigns, advertising and mailshots. Frequently, raising the finance requires them to sell their souls to special interest groups such as companies, trade unions or even crime syndicates.

In the UK, the Conservatives rely on corporate supporters and wealthy individuals, including foreign businessmen whose motives in making donations are unclear. Labour depends on trade unions, which make no bones about the fact that they expect influence in return for their support. Each party has in recent times received suspect gifts – the Conservatives from Mr Asil Nadir, the disgraced tycoon; Labour from Mr Robert Maxwell. Public concern over these gifts last year led to an inquiry by the all-party Commons Home Affairs committee, which reported yesterday.

Sadly the report is a wasted opportunity. The Conservative majority on the committee saw no advantage in changing the rules. Their party gains financial advantage from the generosity of its individual supporters, who are wealthier than Labour's. They therefore backed a code of practice that would change little.

The Labour minority report sought to rectify the current imbalance in resources between the two main parties. Its recommendations, which include a ban on overseas donations, go well beyond what is needed to restore public confidence. It also calls for state funding of political parties, a measure for which there is little support among voters. State funding has not, in any case, stopped parties becoming embroiled in fund-raising scandals in the countries that have adopted it.

On one point, however, the minority report is right: donations of more than £5,000 a year from a single source should be publicly disclosed. Wealthy people, companies and trade unions are all entitled to give money to the parties they support – including parties overseas. But the source of party funds is a matter of legitimate public concern to voters. The public has a right to know who is trying to influence politicians with the deployment of significant sums of money.

One further measure might be considered on company donations to political parties, which must currently be declared in annual reports. A few companies seek endorsement of such donations at regular intervals through a vote at the annual general meeting. Trade unions must rightly seek support for their political links at regular intervals, to ensure that they reflect the wishes of their members. Shareholders have the same right to be consulted when their money is to be spent on political machines.

Follow the Fed

The role of the Bank of England in the conduct of UK monetary policy has long been subsidiary to that of the Treasury. While individual governors have exerted influence over successive chancellors, the extent of that influence has tended to remain a well kept secret. The decision announced yesterday to reveal the minutes of the monthly meeting between Mr Kenneth Clarke and Mr Eddie George is thus an important and welcome step towards more open government which bears some comparison with the disclosure requirements observed by the US Federal Reserve's open market committee. Transparency will lend strength to Mr George's arm in acting as a countervailing influence against the politicians.

The nature of the implicit sanction was made clear by the markets' unhappy initial reaction to the publication of the minutes of the first three meetings of the current year. It had been widely suspected that February's quarter point cut in interest rates reflected disagreement between Mr Clarke and Mr George over the extent to which policy should be loosened – a suspicion that was increased by the assertion in the Bank's own inflation report that there was now a greater risk of rising than falling inflation. Those suspicions have now been confirmed: the quarter point cut was indeed a compromise along predictable lines. The minutes also reveal that both men are prepared to cut rates if this month's tax increases put a brake on economic activity. Gilts and sterling promptly weakened in response to this unexpected generosity with the *actualité*.

That hardly suggests enhanced policy credibility. Yet in the longer run the markets' verdict may look over-hasty. The governor has won some ground in his battle to achieve independence for the bank. At the same time the chancellor appears to have accepted the argument that openness, while it may lead to occasional discomfort, will be conducive to more stable markets. This belief was reinforced by the conviction that the speculation in February over a Treasury-Bank clash was needlessly overblown.

What is clear from yesterday's unexpected revelations is that the minutes will contain genuine substance. To that extent they represent a much more significant advance in the framing of monetary policy than the earlier (and no less welcome) innovations of the inflation report and the grant of discretion over the timing of rate cuts to the Bank. Yet transparency is not synonymous with full accountability. The lines of policymaking are likely to remain somewhat tangled since the whip hand remains in Whitehall.

In the final analysis levels of inflation in democratic societies reflect the preferences and priorities of the people. That, as much as a tough central bank, is the explanation for low German inflation and the poor British inflationary experience. The biggest mistakes in UK monetary policy have anyway tended to happen when persuasive chancellors carried Bank governors with them. The latest step towards greater central bank autonomy is welcome. But it is no low-inflation guarantee.

Minutiae mask the big picture

Violence and symbolic wrangles threaten to undermine the Middle East peace process, writes Julian Ozanne

After more than half a century of bloodshed in the Middle East, a new beginning could have been celebrated yesterday. Israel was due to complete its military withdrawal from the Gaza Strip and West Bank town of Jericho to make way for Palestinian self-rule.

Instead, Israel missed the deadline and Hamas, the extremist Islamic movement opposed to the Israeli-Palestinian peace accord, bombed a crowded commuter bus deep in Israel. The bombing, which left five Israelis dead, was the second attack in a week – another reminder of the escalating violence by both sides which threatens to explode the fragile peace process.

On the Israeli side, attacks by settlers and the heavy-handed use of force by soldiers continues. In the occupied West Bank, Israelis shot dead two Palestinians – including a pregnant teenager – on Tuesday, imposed a rigid curfew on the town of Ramallah and blasted a house with anti-tank missiles, later destroying it with a bulldozer.

Mr Yassir Arafat, chairman of the Palestinian Liberation Organisation, bitterly criticised Israel yesterday, saying it had thwarted peace talks, with its "policy of mass killings, detention, imposing curfews and isolating towns ... supporting and encouraging the fanatic settlers to continue practising the most horrible acts of aggression".

Just seven months since the peace agreement was sealed on the White House lawn with a reluctant handshake between Mr Arafat and Israeli Prime Minister Yitzhak Rabin, concerns are growing that the understanding is so flawed that it has little chance of ending the conflict.

Months of tortuous delays in negotiations and bitter wrangling over details, such as where to position the Palestinian flag at border crossings, has created deep scepticism on both sides.

For many observers the problem lies with the agreement itself – the Declaration of Principles. It creates a five-year interim period of Palestinian self-rule in Gaza and the West Bank, and shelves sensitive issues such as the creation of a Palestinian state, control of Jerusalem and the right of Palestinian refugees to return. Later talks are scheduled to address the question of a permanent solution for the Palestinians' political aspirations – one of several grey areas open to interpretation and negotiation.

The greyest area is the status of the Israeli settlements in the occupied territories, which are to remain untouched during the interim period. Mr Rabin shied away from the tough decision to begin evacuating the 120,000 settlers. The consequence was that weeks have been spent discussing the complex security arrangements necessary to protect the remaining settlers.

But leaving these people, some of whom are religious ideologues, in the thick of the Arab population of 1.9m has proved a recipe for violence, as demonstrated by the February 25 Hebron Mosque massacre of 29 Palestinians by one settler.

"The settlements are a self-destruct mechanism in the peace process," said Mrs Hanan Ashrawi, a prominent Palestinian who has resigned from the negotiating team. "They cause friction, are a blatant injustice to Palestinians, fragment Palestinian land and prevent the emergence of a geographically contiguous Palestinian entity. Leaving the settlements untouched is like putting a flame next to a powder keg and saying: 'Coexist.'"

Mrs Ashrawi claims that Israel has imposed rigid security requirements on the PLO, and denied the Palestinians the political sovereignty they expected the peace process to deliver. She wants the declaration renegotiated and says Mr Arafat must now consider suspending the peace talks if he is to maintain his credibility with the increasingly disaffected Palestinian people.

Many Israelis also believe the settlement issue must be faced sooner rather than later. Mr Joseph Alpher, director of the Jaffe Centre for Strategic Studies at Tel Aviv University, says the government should muster the courage to give both settlers and Palestinians a clear timetable and map for withdrawal from the territories – otherwise more violence is in prospect.

The Israeli government, however, says the agreement can work only if it can guarantee to its mounting domestic opposition that security for Israelis will strengthen with peace. The Labour-led coalition government is firm in its refusal either to open up the settlement question now or begin talks on a permanent solution. "We are negotiating an interim agreement and that won't change," said Mr Ephrahim Sneh, a Labour member of parliament. "Now is not the time to deal with the settlement question and, as more terrorist attacks occur, the more difficult it will be to deal with the settlers in the future."

Mr Arafat, therefore, has a stark choice – to abandon the peace talks and push, even at this late stage, for a renegotiation of the declaration, or to try to convince sceptical supporters to implement what they see as a flawed agreement.

Many Palestinians believe that if Mr Arafat presses ahead with the latter course, he risks losing credibility to the point where the PLO may no longer command majority Palestinian support. Walking out of peace talks, however, would be difficult. All the reasons which forced the PLO to sign the declaration – its lack of funds, its marginalisation in the Arab world and the strength of Palestinian opponents in the territories – remain urgent concerns.

Even if the Israelis made substantial concessions to strengthen his hand, Mr Arafat faces a formidable challenge. Many Palestinians feel he has sold them short by signing the interim declaration. After 27 years of Israeli occupation, they seek an urgent improvement in living standards and a significant measure of democracy in their political life – both of which Mr Arafat has so far been unable to deliver.

"If Arafat does not bring democracy, there will be a revolution, not only against his dictatorship but against the peace process," said Mr Soufian Abu Zaiyda, a PLO leader in the occupied Gaza strip.

Mr Zaiyda said the Palestinian authority to be established after the Israeli withdrawal has to accomplish four urgent tasks to win credibility: enhance the economic well-being of Palestinians, protect their security, convince them their leaders are "working for the people and not against them", and establish democratic institutions "far away from corruption, bureaucracy and discrimination between people".

As both Israeli and Palestinian negotiators prepare to sign a Gaza-Jericho agreement to usher in Palestinian self-rule, and prepare for the establishment of Mr Arafat and his entourage in Jericho, the question remains of whether the PLO can shore up its dwindling support.

"We accepted Arafat to be the president of Palestine but he has accepted to be the mayor of Gaza-Jericho," said Hisham Elakra, a disappointed, 19-year-old refugee in the rubbish-strewn Palestinian Jabalya camp. "He has betrayed our struggle and we must fight against the peace process."

Mr Arafat yesterday seemed to acknowledge his supporters' frustrations when he warned that the settlement issue and conduct of peace talks "will lead us all to catastrophe which will kill any remaining hope, confidence and credibility our Palestinian people ... still have in the peace process."

He appears to be banking on returning to Gaza-Jericho in a fanfare of glory, and on using international aid to buy off political opposition and create jobs. But even his supporters doubt these measures alone will secure his political base.

"We have reached a moment of truth," said Mrs Ashrawi. "Israel's negotiating strategy will continue to erode Arafat's support to the point where the leadership may no longer be able to hold the people."

Thus Israel confronts a dilemma. It does not wish to cede real power or sovereignty to the Palestinians now, but it cannot afford to leave Mr Arafat exposed to criticism from extremists bent on destroying the peace process.

Israel knows it must walk a difficult tightrope and, for better or worse, must stick with Mr Arafat as its best negotiating partner. But many Palestinians say Israel has been too stringent in its security requirements and has left Mr Arafat with little ammunition to fend off his most vocal opponents. The danger remains that if Israel does not heed Palestinian demands for more substantial concessions, it may unwittingly play into the hands of those extremists it most fears.

Services can offer scope for growth

PERSONAL VIEW

In 1956 manufacturing employment in the UK peaked at 38 per cent of the workforce; it has fallen relentlessly to less than 20 per cent today. Many see this shrinkage as another symptom of British economic decline. In fact it is a phenomenon common to all the richer first world countries. Germany's manufacturing jobs peaked in 1960, Japan's in 1973, France's in 1974 and the US's in 1979. This suggests universal factors are at work. They include the tendency for demand for services to rise faster than demand for goods in rich countries, the shift in the labour force in favour of women who have revealed a preference for more flexible service-sector jobs, and the impact of labour-saving technology in manufacturing.

A new factor is that a growing number of third world countries are developing a strong manufacturing advantage. Initially the preserve of east Asia, this advantage has spread to Latin America, India and parts of the former Soviet bloc. Workforces have been educated and producer-friendly economic policies adopted. Productivity is rising fast. This, combined with low wages and rising domestic demand, provides a magnet for companies to locate new manufacturing production in those countries.

The result will be intensified pressure on manufacturing jobs in the OECD countries. Over the next 30 years, we estimate that the share of the workforce employed in manufacturing will fall below 10 per cent in most rich countries.

Can, or should, this job loss be resisted? As we climb out of recession, with unemployment still high in Europe and growing in Japan, governments are under great pressure to do so. However, protection – for example, tariffs or anti-dumping duties on cheap manufactured imports – would be expensive and self-defeating, as we learned with the Common Agricultural Policy.

OECD governments should instead take the offensive. Too many people still believe that services will never be truly tradeable. Our view is the opposite: unless we can make services tradeable, by liberalising the rules surrounding services, OECD countries are in for a bitter and ultimately fruitless battle against developing countries over manufacturing goods.

An OECD shift away from manufacturing can be accommodated as long as two conditions are fulfilled. First, service sector jobs must continue to grow. Second, service companies must be able to compete internationally. The first requirement poses little concern. In most OECD countries, job growth in services has been much faster than in other parts of the economy for a long time. The driving force for this is the growing demand for services, such as design and business services, travel and entertainment.

Too many people still believe that services will never be truly tradeable. Our view is the opposite

There is little doubt such demand will continue to grow. The big question is who will supply it. This is where the importance of trade in services becomes critical. Traditionally, service companies such as telecoms, insurance, electricity and airlines were restricted to their home market and, as *quid pro quo*, were protected from international competition on their home turf. This cosy arrangement has limited both industry size and productivity growth. Economies of scale could not be sought beyond the home market and competitive pressures there were not sufficient to drive technological or managerial change. This catch-22 led to the erroneous belief that services were inherently less capable of productivity growth than manufacturing. Few in the fiercely competitive parts of the service sector still believe that.

Market access is now the critical factor. Once service industries can expand beyond home markets, they can gain from economies of scope of the kind that economies of scale brought for manufacturing in the 1960s. To reap such gains will require a trade regime that does more than lower trade barriers.

The new General Agreement on Tariffs and Trade agreement contains a framework for services, but the specifics must still be negotiated and some fundamental thinking remains to be done. This deserves top priority.

Building the legal basis to make services fully tradeable will not be easy. But equally, we must not underestimate the pressures that our economies will face if we fail. In manufactures, about 50 per cent of world production is traded. Even if services were only half as tradable as manufactures, that would still imply scope for a doubling of service trade at today's output levels. The potential gains are enormous. Our task now is to build the World Trade Organisation, the Gatt's successor body, into the driver for this new growth dynamic.

DeAnne Julius and Richard Brown

The authors are, respectively, chief economist of British Airways and visiting fellow at Manchester Business School

OBSERVER

Erecting a successor

■ Finance ministries and central banks were never designed to agree about everything – but things are particularly delicate in Japan just now. For the latest note of discord has been struck over the identity of the Bank of Japan's next boss.

BoJ officials and vice finance ministers take it in turns to pilot the central bank. So when Yasushi Mieno, a BoJ man, steps down in December, the fight is on between two ex Ministry of Finance bods, Yasuo Matsushita, chairman of Sakura Bank, and Mitsuhide Yamaguchi, president of the Export Import Bank of Japan.

The prospect of Yamaguchi spooks the bankers, as he is regarded as being far too political an animal. They have found an ally in Minoru Nagaoka, president of the Tokyo Stock Exchange, school friend of Mieno, and himself once a vice finance minister. For Yamaguchi would be neatly off the scene provided Nagaoka's "personal" wishes are respected – that Yamaguchi take his place at the TSE when he bows out in June.

But MoF, which boasts particularly close ties to Yamaguchi, is just about equally unhappy with Matsushita. Ever since the latter was mentioned as heir apparent to Mieno, he has faced a deluge of bad press, including allegations of tax evasion, sourced in the popular weeklies to – why, anonymous MoF bureaucrats.

Who cares about the course of the yen when there are other such fascinating diversions with which to pass the time of day?

Secure future

■ What price respectability? Secure Trust, the financial services group, is keen to move upmarket and is reviving the name of Arbuthnot Latham & Co, which used to be one of the pillars of the Accepting Houses Committee.

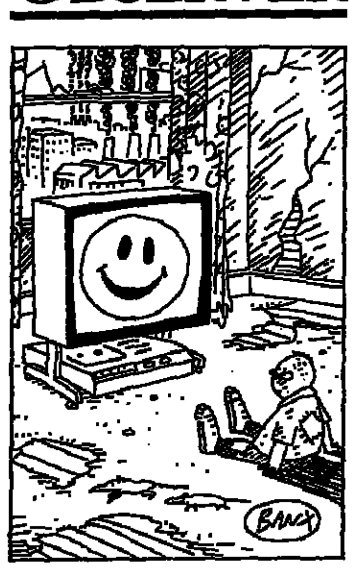
Founded in 1833, Arbuthnot Latham was the breeding ground for chairmen of National Westminster Bank before it fell on hard times. Secure Trust picked up not only the right to the name but also some furniture, photographs and other nick-knacks for £50,000.

Not bad, given the added bonus that the new name comes near to the top of the alphabet.

Food chain

■ Forget the Goyas in the Prada. Highlight of Russian president Boris Yeltsin's three-day trip to Spain was a sausage factory on the outskirts of Madrid where the owner speaks Russian.

Spain's secret antipasto weapon at the Campofrio company, whose



glistening pipes spout out *mortadella* and *chorizo*, was a natural taster on Yeltsin's programme. Pedro Ballve, the boss, opened a sausage-producing joint venture in Moscow four years ago, and plans to have a second plant up and running at the end of this month.

The company has apparently made a hit with the Moscow housewife by marketing tinned *Tushonka* pork, a concoction of 25 per cent meat and 75 per cent fat to be heated up and added to potato stew. "We know all about this because we started up in Spain's hungry forties," Ballve explains. "Hungry people really value fat, not meat."

But Campofrio is not the first to bring *Tushonka* to Russian soil. The stuff was a staple of the *Wehrmacht's* iron rations.

Party-pooper

■ Appearances can be deceptive. Yasushi Akashi, the top UN civilian in former Yugoslavia, from whom General Sir Michael Rose takes his orders, is not a typically faceless Japanese bureaucrat.

Indeed, he has taken to showing visitors to his Zagreb office a letter from John Major, in which the British PM thanks him for the convivial evening they spent together last month in Split. "In future when I want a good Churchill anecdote, I shall know where to turn," the letter concludes. What can he have meant? Sadly, Akashi refuses to unlock his fund of Churchill stories "in mixed company".

When a female colleague protested that little shocked her after several years in Yugoslavia, Akashi smiled evasively. "Perhaps after a few drinks," he said. What's Japanese for party-pooper?

Thinking time

■ Who will be the next director of the left-leaning think-tank, the Institute for Public Policy Research, now that James Cornford is off to the richer pastures of the Paul Hamlyn Foundation?

Patricia Hewitt, the current deputy director, must be the favourite. As Neil Kinnock's former press secretary, she combines a keenly analytical mind with inside knowledge of Labour politics. More important, she is more telegenic than Cornford.

Unfortunately, she doesn't suffer fools gladly and may be penalised because she's associated too much with yesterday's man. A safe alternative would be David Ward, John Smith's youthful policy assistant. He's an effective fixer who could be relied upon not to rock the boat.

If Labour won the next election, he could move seamlessly into Sarah Hogg's role as head of the No 10 Policy Unit.

FLT hero

■ No sooner has BMW gobbled up Rover, than the Germans seem poised to get their hands on another British success story.

Tucked away inside the Lancer Boss fork lift truck factory is the world's greatest fork lift truck driver – chief demonstrator Bart Harman.

Leighton Buzzard-based Bart's delicate stunts include constructing a champagne glass pyramid with the forks of a giant truck and closing a box of matches with the tyre tread of a 30-tonner – working the machine from outside the cab, with a piece of string.

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FINANCIAL TIMES
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Russia wins Serb pledge to end Gorazde assault

By Edward Mortimer and Laura Silber in Sarajevo

The first glimmer of a breakthrough in the stand-off between the United Nations and the Bosnian Serbs came yesterday when Russia's special envoy claimed to have won a commitment from the Serbs to halt their Gorazde offensive.

Speaking in Sarajevo, the Bosnian capital, Mr Vitaly Churkin said there was no fighting or shelling in the UN-protected Moslem enclave. "I think I've got a commitment from the Serbs that it's not their intention to resume fighting," he added.

Exchanges of fire between the mainly Moslem Bosnian government and Bosnian Serb forces abated in Gorazde following two Nato air strikes this week on Serb targets in the enclave. Major Rob Annick, spokesman for UN forces in Sarajevo, confirmed yesterday that Bosnian Serb forces had stopped shelling the town – apart from sporadic bursts from anti-aircraft guns.

But in Sarajevo there was more intense sniper fire than for several weeks, and at least two rockets were fired, one landing on a bridge near the headquarters of the UN commander in Bosnia, General Sir Michael Rose.

Efforts to reach a ceasefire in Gorazde, to restore the flow of humanitarian aid through Serb-held territory, and get the peace process back on track, were stepped up when Lord Owen and Mr Thorvald Stoltenberg, the European Union and UN mediators, flew to Sarajevo for meetings with Bosnian government and Serb leaders in Pale, the Serb military headquarters close to Sarajevo.

The visit was unexpected, as the Geneva conference chaired by Lord Owen and Mr Stoltenberg has been largely side-lined in recent months by Washington and Moscow-led bilateral diplomacy. Bosnian government officials, who have long regarded Lord Owen as too prone to appease Serb aggression, expressed surprise at his return to Sarajevo, which was his first visit since last May.

Since the UN requested air strikes last Sunday and Monday against Bosnian Serb forces in Gorazde, the Serb leaders have denounced the UN as no longer objective and cut off relations with Unprofor, the UN protection force.

But although Mr Stoltenberg represents the UN, he is not directly connected with Unprofor, and even before last weekend Serb leaders were urging a return to the Geneva process, which they saw as more favourable to their war aims.

Significantly, Lord Owen and Mr Stoltenberg became the first westerners allowed to enter Serb-held territory in Bosnia since the Nato air strikes, when they travelled to Pale, the makeshift Bosnian Serb capital, to meet Mr Radovan Karadzic, head of the self-proclaimed "Serb republic". Previously, the Serbs had designated Mr Churkin as the only acceptable mediator.

Lord Owen said after meeting Gen Rose that he hoped to widen the issue from the fate of Gorazde and get the peace process back on track.

Between war and peace, Page 3

Greece set for legal fight over Macedonia

By Gillian Tett in Brussels

Greece yesterday denounced a European Commission decision to begin legal proceedings over its blockade of Macedonia, setting itself on what appeared to be an embarrassing collision course with the Commission.

The Greek government, which currently holds the presidency of the European Union, called the legal action "extremely unfortunate, inappropriate and contradictory". It gave no indication that it would lift the blockade, which was imposed after a dispute over Macedonia's flag and constitution.

The dispute could undermine attempts to build a tighter European foreign and trade policy and potentially calls into question the authority of the Commission's legal institutions.

Commission officials admitted that the case would test the ability of the European Court to force Greece to comply with any decision if that country insists on playing by different political rules.

Yesterday's decision by the Commission, broadly supported by the other 11 member states, involves two separate legal actions. One action calls for an interim injunction to lift the blockade and could be decided within three weeks.

The other action, which will probably take 18 months to complete, is a request for the European Court to make a full judgment about whether the blockade infringes the Maastricht treaty.

Under the treaty, member states must not impose unilateral commercial sanctions except in cases of national security. The Commission has rejected Greece's argument that Macedonia represents a national security issue, and says its actions are justified under the treaty.

In theory, the newly revised article 171 of the Maastricht treaty gives the court the powers to fine a member state for flouting a court ruling. In practice, legal experts point out that this power has never been used and remains unclear in scope.

Meanwhile, Mr Christos Zaharakius, secretary-general of Greece's foreign ministry, is due today to meet Mr Cyrus Vance, representing the United Nations.

Developing countries attack west's focus on labour rights

By Frances Williams in Marrakesh

Ministers from developing countries railed yesterday against moves by industrialised nations to include labour standards in trade negotiations, saying to do so would provide a cover for protectionism.

Mr Pranab Mukherjee, India's commerce minister, told the ministerial meeting of the General Agreement on Tariffs and Trade that although India was strongly committed to internationally recognised labour standards "we see no merit whatsoever in the attempt to force linkages where they do not exist".

Mrs Rafidah Aziz, trade minister of Malaysia, said the linkage of trade with labour standards "would in effect provide a convenient cover for trade protectionism".

Under a compromise between the US and developing countries hammered out in Geneva last week, labour standards will not be specifically mentioned in the formal documents of the Uruguay Round, due to be signed in Marrakesh this week. However, it and other issues may be raised in the preparatory committee for the World Trade Organisation, which will replace Gatt.

Sir Leon Brittan, European Union trade commissioner, said the issue was "a legitimate global concern and cannot be taboo among participants in the world economy".

The US and the EU say they do not want to curb competition from low-wage countries, but to tackle slavery, child exploitation and bans on trade unions.

Apart from labour standards, industrialised countries this week proposed the WTO discuss competition policy, investment rules and finance/exchange rate policies.

Developing countries have put forward free movement of workers and restrictive business practices – the latter aimed mainly at alleged abuses by multinational companies of dominant market positions.

Developing countries also called for compensation for poor states which stand to lose from the Uruguay Round's provisions. Some have urged a permanent monitoring mechanism within the WTO to assess the round's impact on individual nations.

Among other proposals, developing countries want assistance to exploit new market opportunities, including help to diversify exports and outlets, as well as financial aid, debt relief and extra trade preferences.

Many developing countries complain that industrialised nations have not done enough to open their markets, with the poorest countries feeling that they have had a raw deal from the Uruguay Round.

Agriculture accord could leave poorest worst off, Page 5

THE LEX COLUMN

Lasmo drills for cash

Lasmo's rights issue had been telegraphed to the market with all the skill of an amateur fighter's punch. As well as being obvious, the issue's deep discount speaks volumes about how hard it must have been to get away and how badly the company needs the money. A sense of urgency is also implied by the indecently short three-week gap between passing the dividend and demanding money from shareholders. On the surface, Lasmo's interest cover and gearing looked sustainable, but the demands of developing fields will soon prove a heavy drain on cash. It is hard to resist the idea that banks required more comfort before supporting the management's expensive plans.

There is also a nasty feeling that investors are paying for management mistakes. Lasmo has proved an effective machine for melting down shareholder value in recent years, and institutions must have been reluctant to feed in more raw material. Presumably the discount will encourage most to stump up. Enthusiastic US holders may also come in provided that the novelty of a rights issue in New York does not deter them.

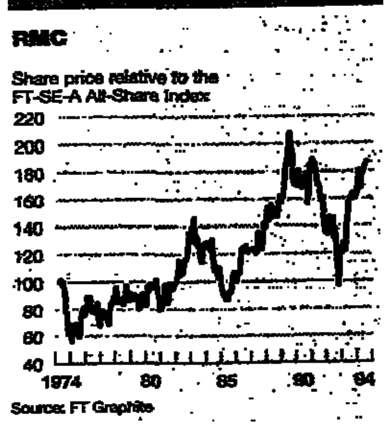
The company is even trying self-help by cutting its costs. Yet it is not the operator of much of its production and there is a limited degree to which it is master of its own destiny. Lasmo may be a call option on the crude oil price whose expiry date has just been extended, but the company still needs oil consistently above $16 a barrel to make money. If that had been the bet investors wanted, they might have got the same thing a good deal cheaper on the commodity exchanges.

UK economy

There was never any prize in guessing who argued for an interest rate cut at February's meeting between the chancellor and the governor of the Bank of England. What is surprising is the candour with which the disagreement is laid bare in the newly published minutes of the meeting. The reminder that the authorities were not speaking with one voice sent a brief frisson through the exchange market yesterday afternoon. Presumably fear of publicity means there will be fewer such disagreements in future.

The Bank of England's hand ought thus to have been strengthened. Its authority has already been increased through its quarterly inflation report and, to a lesser degree, by its freedom to decide on the timing of rate

FT-SE Index: 3145.8 (-13.3)



Source: FT Graphite

changes. Having disagreed with the Bank on rates in February, it would be harder for the chancellor to do so again in the summer. Similarly, it will be more difficult for him to resist pressure from the Bank for higher interest rates as the cycle turns.

But it would be rash to exaggerate the impact in practice. The long time lag between the meetings and publication of the minutes means the markets, which are quite good at detecting politically-inspired rate changes anyway, will usually have moved on by the time all is revealed. Final authority for policy still rests with the chancellor. Mr Clarke pushed through a rate cut in February, albeit smaller than he originally wanted. Doubtless he would do so again if the political advantages outweighed the costs.

RMC Group

RMC has become a byword for reliability in the building materials sector. Its 1993 results show why. Despite suffering badly in France, California and Spain, RMC still lifted pre-tax profits 7 per cent. Good husbandry ensured its earnings grew even faster, climbing 36 per cent. Unlike Redland, RMC has demonstrated an old-fashioned aversion to issuing paper during the recession, protecting its earnings line. Moreover, RMC's tax rate has dropped from almost 36 per cent to 26 per cent as it has reaped the benefits of investment incentives in east Germany and started utilising accumulated tax losses at its merged German businesses. RMC is now in the happy position that the higher its German profits climb, the lower its group tax rate falls. Given that the German construction sector is still riding the unification wave and accounts for two-thirds of group profits, it becomes easy to understand RMC's attractions.

The problem is that like most building material stocks, RMC's shares already anticipate the good news. RMC's ability to deliver on its latent promise should prove more certain than most. But the spread of its operations may ensure its profits rebound is slower than that on offer elsewhere. Shareholders will be amply rewarded if RMC really can achieve the 25 per cent target return on its £500m investment in east Germany. But that will take time and there is a threat that the slackening of demand in western Germany and cheap imports from eastern Europe may yet make life trickier in the meantime.

British Coal

Yesterday's glossy brochure does not make British Coal any easier to value. The carve-up into five regional companies will go ahead as expected. The two regions which contain most deep-shaft pits have been allocated the lion's share of contracts with power generators. Three years of guaranteed cash flow under these contracts should make up for higher operating costs relative to the predominantly open-cast regions. The apportionment of environmental and other liabilities between public and private sectors has also been clarified. It is a relief that the regional companies will be ring-fenced from subsidence claims caused by mining which took place before privatisation.

Until the scale of potential liabilities is clear, though, even rough valuations are difficult. This information will be available only once potential bidders have convinced the government of their credentials and paid the requisite fee. Environmental risks, such as water pollution by deep-mined pits, are a particular worry. British Coal has always shouldered such risks itself. Whether insurance companies will be prepared to extend sufficient cover, and at what price, remains an open question.

Either way, the ability of private sector companies to manage such liabilities will be almost as important as their skill in getting coal out of the ground. In the autumn, the government must decide whether any high bids reflect the bidders' willingness to accept an unusually low rate of return or an overly-optimistic assessment of the risks.

Hamas bombs Israeli bus

Continued from Page 1

the possibility to have a good reason to act".

The White House said it deplored yesterday's attack "but we cannot let these incidents derail the peace process".

Police and witnesses at Hadera said the bomb exploded in the hands of the Palestinian attacker as he approached the bus. The attacker was among the dead.

After the blast, crowds of Israelis gathered and chanted "Death to Arabs". Once passengers were evacuated from the bus a second bomb exploded on a bench in the station but no one was hurt.

Israel has been shocked that in spite of a total closure of the occupied territories since last Wednesday's suicide attack, and intense security precautions, Hamas was able to carry out such a well-planned operation in Israel proper. At least 23 Israelis have been killed in Palestinian attacks since January.

UK government lifts lid

Continued from Page 1

The chancellor concluded that rates should be reduced ½ per cent after Mr George said he "could agree to ¼ per cent but not to ½ per cent".

Yesterday, Mr George said that publishing the minutes would enable the public to gain a better appreciation of the nuances behind the decisions.

However, some financial commentators argued that the demonstration of past differences could cause problems in the future. "While in principle, one applauds the decision, one suspects that at some stage they are going to rue it", said Mr John Shepperd, chief economist of Yamaichi International (Europe).

"The risk with this whole process is, if we do get the situation where the Bank is pushing for a rate increase and the Treasury is resisting, sterling is going to be vulnerable because of the market's dislike of political interference."

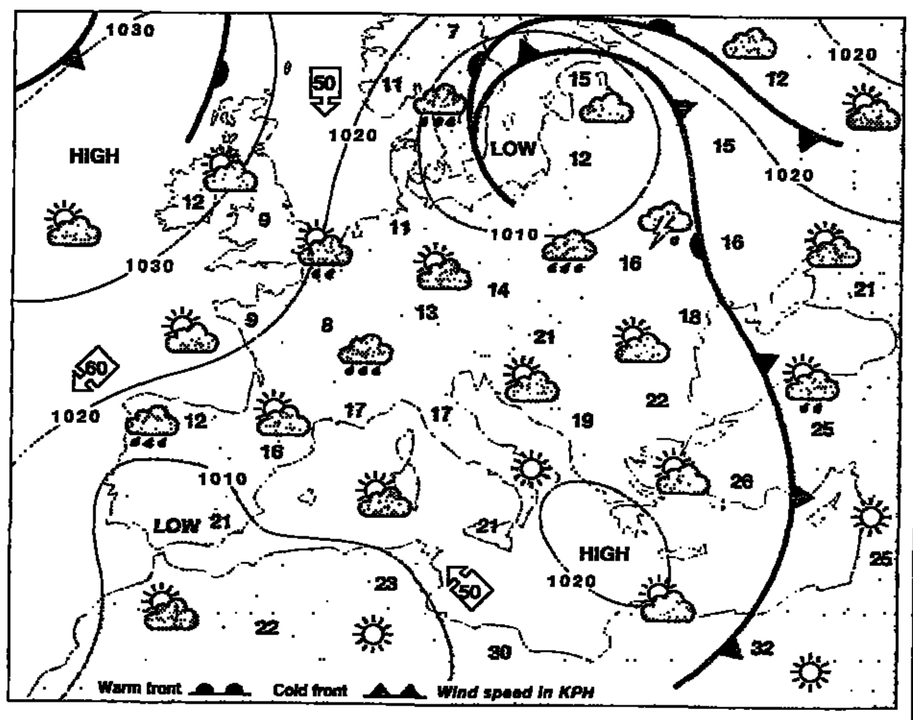
FT WEATHER GUIDE

Europe today

A depression over the Baltic will cause outbreaks of rain across Sweden, Finland, Poland and the western CIS. Norway will be cloudy but mainly dry. Austria, northern and central Italy and the Balkans will have sunny spells while a high pressure area will bring abundant sunshine to southern Italy and Greece. Germany and Switzerland will have scattered cloud and some rain over south-west areas. The Benelux, France and eastern England will have a mixture of cloud and sun with showers, probably a few with hail. The western British Isles will be partly cloudy and dry. Cloud will increase over northern and central Spain, followed by rain. Southern Spain will have sunny spells.

Five-day forecast

Showers developing over the western Mediterranean tomorrow will move north into France, the Benelux and the British Isles during the weekend. Some sun is expected in Spain and Portugal later on Saturday. From Sunday, showers will also develop over south-east Europe, especially in Greece. A high pressure system will improve conditions in Scandinavia. i



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	33
Accra	fair	35
Algiers	fair	22
Amsterdam	shower	9
Athens	sun	21
Atlanta	sun	27
B. Aires	sun	26
B.ham	fair	9
Bangkok	cloudy	34
Barcelona	fair	17
Beijing	sun	23
Belfast	cloudy	11
Belgrade	fair	21
Berlin	fair	13
Bermuda	sun	23
Bogota	cloudy	18
Bombay	sun	32
Brussels	shower	9
Budapest	fair	16
C.hagen	cloudy	10
Cairo	sun	32
Cape Town	sun	30
Caracas	cloudy	29
Cardiff	fair	10
Casablanca	fair	20
Chicago	sun	22
Cologne	fair	10
D' Salaam	fair	28
Dakar	sun	24
Dallas	fair	29
Delhi	fair	35
Dubai	sun	33
Dublin	cloudy	11
Dubrovnik	fair	18
Edinburgh	fair	11
Faro	fair	20
Frankfurt	fair	12
Geneva	rain	8
Gibraltar	fair	19
Glasgow	cloudy	11
Hamburg	cloudy	11
Helsinki	rain	11
Hong Kong	fair	26
Honolulu	shower	25
Istanbul	fair	20
Jersey	shower	9
Karachi	sun	34
Kuwait	sun	30
L. Angeles	sun	21
Las Palmas	sun	22
Lima	cloudy	27
Lisbon	fair	17
London	shower	9
Lux.bourg	fair	7
Lyon	rain	12
Madeira	sun	19
Madrid	shower	18
Majorca	fair	20
Malta	sun	19
Manchester	fair	10
Manila	cloudy	35
Melbourne	cloudy	18
Mexico City	sun	32
Miami	thund	30
Milan	fair	17
Montreal	fair	12
Moscow	cloudy	17
Munich	cloudy	10
Nairobi	fair	28
Naples	sun	19
Nassau	thund	29
New York	fair	22
Nice	fair	16
Nicosia	fair	30
Oslo	cloudy	11
Paris	fair	9
Perth	cloudy	28
Prague	fair	13
Rangoon	fair	36
Reykjavik	fair	6
Rio	cloudy	29
Rome	fair	18
S. Frsco	fair	20
Seoul	fair	18
Singapore	fair	32
Stockholm	rain	6
Strasbourg	rain	10
Sydney	fair	16
Tangier	fair	19
Tel Aviv	fair	30
Tokyo	fair	15
Toronto	fair	18
Vancouver	rain	12
Venice	fair	16
Vienna	fair	15
Warsaw	rain	13
Washington	sun	22
Wellington	shower	15
Winnipeg	cloudy	7
Zurich	rain	9

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هكذا من الاصل

England's cricket team recorded a famous victory in Barbados yesterday when they bowled out the West Indies for 237 to win the Fourth Test at the Kensington Oval - the first team to win there for 59 years. Already 3-0 adrift in the five Test series the historic win followed two centuries by opener Alec Stewart. Pictured above is Hussain catching Chanderpaul for five off Hick. Caddick took six wickets and Tufnell three.

Loss-making Lloyd's investors win cases

By Andrew Jack

Loss-making Names on the Lloyd's of London insurance market yesterday scored two separate court victories in decisions with widespread ramifications in their search for compensation.

The House of Lords rejected an appeal from 71 members' agents that they were not contractually liable for negligent underwriting by Lloyd's syndicates. Members' agents allocate Names to syndicates.

Separately, a High Court judge made an unprecedented ruling that a members' agent was liable for losses incurred by two Names, the individuals whose assets have traditionally supported the market.

The decision by the House of Lords clears the way for the legal case for more than £1.2bn being brought by Names on the Gooda Walker and Feltrim syndicates, which were among the highest loss-making syndicates on the market. The Gooda Walker case is due to begin in the High Court on April 26.

"This is a key issue that affects all action groups," said Mr Michael Deeny, chairman of the Gooda Walker Action Group. He said it affected almost all the litigation being brought by over 30 Names' action groups involving losses of over £3bn.

Separately, in the High Court yesterday Mr Justice Gatehouse ruled that KMR Services, members' agent previously known as H G Poland, was liable for losses incurred by two of the Names whose affairs it managed.

The Names had claimed that they had requested to be placed on a conservative portfolio of low-risk syndicates and had instead been allocated to high-risk ones.

The decision in their favour may directly boost the case of other Names seeking compensation against members' agents, although each case will be judged on its own merits.

However, the ruling also contained a significant precedent because it granted a highly unusual indemnity against future losses which will be incurred by the two Names on their syndicates, as well as compensation for the liabilities for which they are already liable.

Mr Tim Brentnall, a partner with Elborne Mitchell, which acted for KMR, said his client was "highly likely" to appeal against the ruling in favour of one of the Names, and was "considering" an appeal against the second Name.

Asked whether the finding against the members' agent suggested Lloyd's had failed to adequately regulate the market, a spokesman said: "It could be that some people might interpret it as that."

● The Serious Fraud Office has called off its investigation into the Gooda Walker syndicates, the biggest loss-makers on the Lloyd's of London insurance market.

The action marks the end of the only current criminal investigations connected with Lloyd's and shifts the onus on any disciplinary action to the insurance market's own regulatory system. Lloyd's confirmed that its investigations committee is examining the case.

A report to the SFO raised concerns over the way in which some reinsurance policies were accounted for, how "time and distance" policies might have distorted the syndicates' results and suggested that transactions between the Gooda syndicates might not have been at arm's length.

Tunnel fares 'below airlines'

By Charles Batchelor

Ticket prices for train services through the Channel Tunnel between London, Paris and Brussels will be set to undercut the airlines.

Unlike the car shuttle service between Folkestone and Calais, which has been priced at a small premium to competing ferry services, Eurostar through trains are to adopt an aggressive pricing policy from day one.

The British, French and Belgian railways had originally considered undercutting the airlines by up to 25 per cent but a recent price war between the airlines will mean there is a smaller discount, a senior official involved in the project said yesterday.

European Passenger Services, a joint venture of the national railways, expects to announce details of its fares on May 17, 11 days after the official opening of the tunnel, when it hopes to give a definite starting date for services through the Channel Tunnel itself.

Officially EPS is saying that its fares will be similar to the airlines, though its discount fares will be more readily available.

"We'll offer a business class fare which will be similar to the club fare of the airlines," said Mr Malcolm Southgate deputy managing director".

"Our leisure fares will be similar but the conditions will be less restrictive to achieve a fares advantage," he added.

He was speaking on the first Eurostar demonstration run to carry passengers between Paris and Arras yesterday. The £24m train reached a top speed of 186mph (300kph).

Eurostar will offer business, standard and leisure fares which will vary depending on the time of day, the day of the week and the time of year. Shuttle fares, by comparison, are set for three-monthly periods.

There are also plans to provide inclusive holiday fares together with EuroDisney and ski holiday operators.

IT breakdowns cost UK £1.2bn

By Andrew Adonis

Four in five organisations in the UK have suffered an breakdown in their information technology systems in the past two years, according to a government-sponsored survey published yesterday.

The survey, of 850 organisations, estimates that the annual cost of such incidents exceeds £1.2bn. In a survey published two years ago, the figure was 68 per cent.

Fire is the threat most feared by organisations, but viruses, power failure and computer failure are the most common problems.

The estimated average immediate cost of an incident was £9,000, with a quarter of incidents leading to serious losses.

Mr Patrick McLoughlin, technology minister, said: "Information technology security is becoming a serious issue for almost all organisations and every organisation using computers is at risk. Effective management of security threats can help make organisations more reliable."

The report, co-sponsored by the computer company ICL and the National Computing Centre, an information systems consultancy, highlights contingency planning, staff training and risk assessment as strategies to reduce the risk of breakdown and breaches of security.

The incidents of virus attacks and theft were found to have risen sharply since the last survey in 1992, with twice as many sites reporting such incidents.

Britain in brief

IRA 'will not have to surrender'

Assurances from Sir Patrick Mayhew, Northern Ireland Secretary, that the IRA will not be expected to "surrender" in order to join the peace process provoked a political row in the province yesterday.

Sir Patrick told the Foreign Policy Association in New York that an end to the armed conflict in Ulster was "not going to require any surrender" by anyone involved.

He said the recent, three-day ceasefire was not enough and made it clear that any further, similar gestures - hinted at recently by Mr Gerry Adams, Sinn Féin president - would also be dismissed. Sir Patrick stressed that if Sinn Féin renounced its support for violence and delivered an end to armed action it would within three months be engaged in exploratory talks leading it to a full role in the democratic process.

Optimism over sales and orders

UK companies are highly optimistic about the prospects for increased sales and new orders, according to a new survey by Dun & Bradstreet, the business information company, despite fears that this year's tax increases might damage the recovery.

The balance of companies expecting an increase in net sales over the next three months, at 60 per cent, is at its highest level since the second quarter of 1989. For new orders, the balance is 56 per cent, up from 41 per cent in the first quarter of 1994.

Lots of interest in Lancer Boss

Grant Thornton, administrative receivers for the UK operations of Lancer Boss, said last night that considerable interest had been expressed from potential bidders, but that its hands were tied by not having control of the whole lift truck group.

Meanwhile Mr Michael Heseltine, trade and industry secretary, told MPs at question time yesterday that ministers and officials had already been in touch with both the company and the receivers.

It is understood that an unidentified UK company has made a bid for Lancer Boss, and that another bid is expected today. Receivers would also not deny the existence of a bid based on a "management buy-in" – like a buy-out but involving outside managers. It is believed former Lancer Boss executives may be involved in the buy-in.

Political risk terms agreed

The government has agreed terms with Trade Indemnity, the credit insurance group, to provide support for reinsuring short term political risk cover for exporters.

"Things are looking rosier for UK exporters because it has removed a climate of uncertainty," said Ms Barbara Bennett, corporate affairs director of Trade Indemnity.

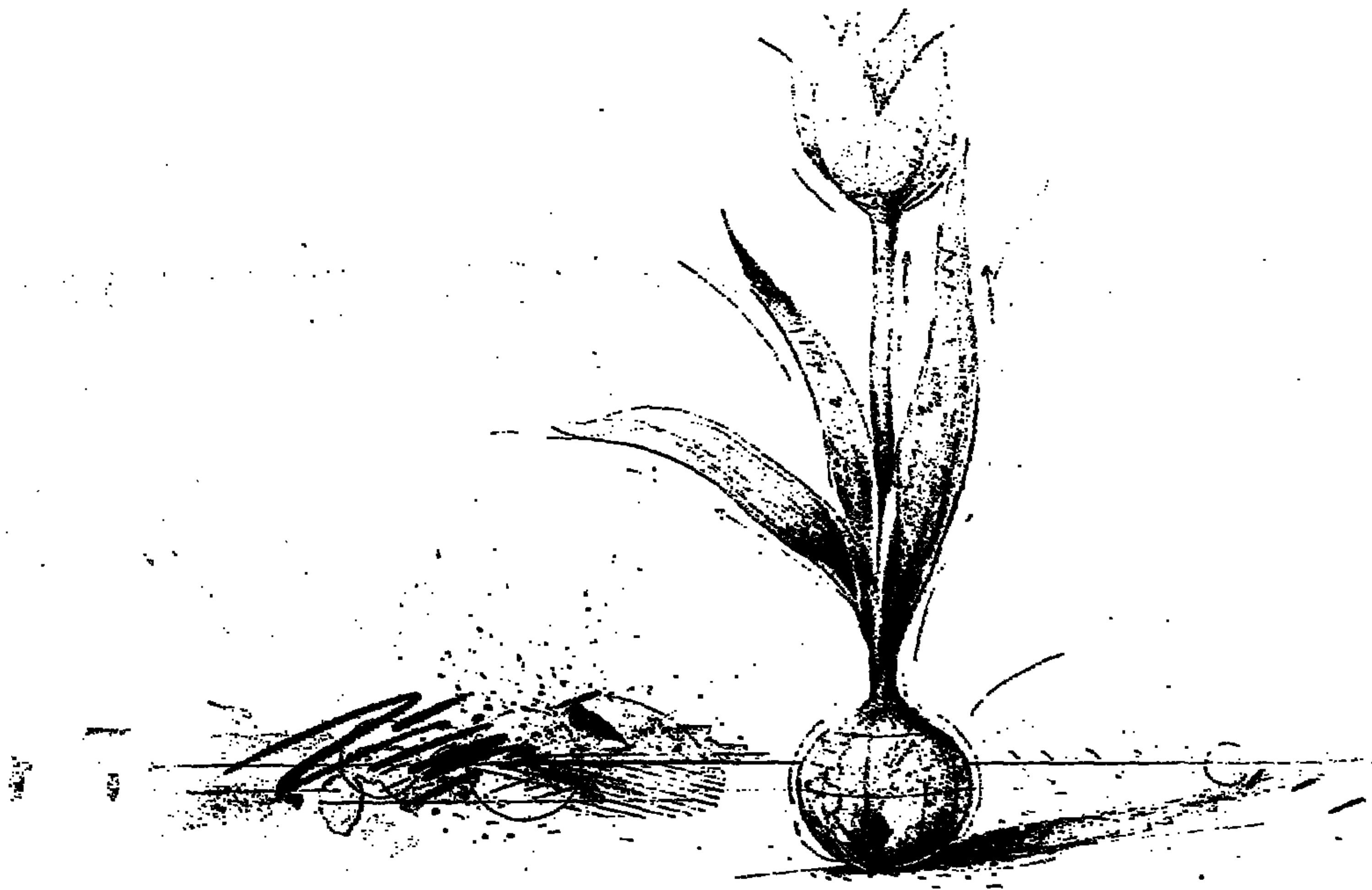
When the government privatised the short-term credit businesses of Export Credits Guarantee Department it said it would withdraw entirely from supplying reinsurance support. Last June, however, the trade minister accepted that Dutch-owned NCM, largest export credit insurer in the UK, needed government support because of potential shortages of capacity in the private sector reinsurance market. Yesterday's announcement that Trade Indemnity had agreed terms with ECGD, on behalf of the government, fulfils a government commitment last June that support would be extended beyond NCM to other private insurance groups.

Accounts must reveal more

Companies will be forced to include substantial concealed liabilities in their accounts under a new accounting standard published yesterday.

FRS 5, from the Accounting Standards Board, clamps down on "off balance sheet" finance, one of the most important elements of creative accounting employed during the 1980s. Under the standard, companies' transactions must reflect their substance and not simply be recorded in accordance with their legal form.

Many banks are returning to their roots.



Thank goodness there's one bank with its roots in the world.

Domestic problems and changing financial circumstances are causing many banks to re-evaluate their positions. And some are pruning their international networks and services to concentrate on so-called core business.

Core business is the customer.

For ABN AMRO Bank, the core business is the customer. Even in difficult circumstances. Our creed has been the same for nearly two centuries: stay close to the customer, listen to his needs, and provide the very best banking solutions and facilities.

More than 1700 offices in 56 countries.

With the present internationalisation, ABN AMRO Bank maintains that banks should guarantee their customers a working network. Today we have more than 1700 offices in 56 countries. Offering full banking services to the world's global community.

Further expansion around the world.

But we are expanding further. Last year we opened 34 new offices, most recently in Almaty (Kazakhstan), Lahore (Pakistan), Rostock (Germany), Concepcion (Chile), Kiev (Ukraine), and Ho Chi Minh City (Vietnam).

Investing in quality.

Our continuing policy means investing not only in offices, but also in quality and integration. It is this global mentality - rooted in tradition, perfected throughout our history - which makes us determined to continue offering the very highest level of service. That is only possible by listening to our clients. And by expanding to become the world's local bank.

CREATING THE STANDARD IN BANKING.

ABN·AMRO Bank

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British Coal pits for sale in five groups

By Michael Smith

The UK government said yesterday it expects to complete sales of British Coal's pits by the end of the year as it unveiled details of the packages available in its "ultimate privatisation."

It also emerged that British Coal is to close another pit, Kiveton in South Yorkshire, in the autumn with the loss of 400 jobs. However, the 16 other pits still producing coal after the end of this week appear safe - until after privatisation at least. These are being offered for sale as part of five regional packages together with 31 opencast sites.

Mr Tim Eggar, energy minister, said it was a "fair assumption" that, other than Kiveton and Tower whose closure British Coal announced recently, no other pits would be closed before the industry is privatised.

The government also intends to offer for sale on a stand alone basis seven pits, including Kiveton and Tower, which are closed or are being closed.

Mr Eggar said up to 32 pits could be operating under private sector ownership next year. This is because up to nine other mines are being leased out under different arrangements. Mr Eggar's comments were viewed as optimistic within the industry since it is unlikely that many of the stand-alone pits being offered for sale will be bought.

N.M. Rothschild, the merchant bank advising the government, is to mail the glossy 24-page document outlining the five packages to around 100 companies including 30 or 40 from overseas.

Companies interested in buying one or more of the packages have until May 25 to qualify to take part in the sales process. This will cost them £15,000 for each region and £5,000 for each stand alone mine and will entitle them to confidential information to inform their bids.

Mr Eggar said it was impossible to say how much the packages would be worth.

One reason is that questions surrounding the liabilities, particularly arising from subsidence have yet to be resolved. Mr Eggar said they would be defined in time for a detailed information memorandum to be sent out to serious bidders in June.

Yesterday's "preliminary memorandum" details showed that the 16 deep mines and 31 opencast sites being offered for sale in the five regions produced 41m tonnes last year.

They have contracts to sell electricity generators, the coal industry's main customer, about 32.5m tonnes a year. British Coal estimates that about 10m tonnes, slightly more than the gap between contracts and output, is sold elsewhere, including to domestic and industrial customers.

There seems certain to be overcapacity in future years, however, as a result of competition from stand-alone mines and improved productivity.

British Coal: waiting for buyers to surface

Scotland

Contract sales: 2.8m tonnes per year to Scottish Power and Scottish Hydro-Electric
Estimated output: 1993-94 5.3m tonnes

Colliery	Opencast sites
Longannet	Airdegreen
	Blindwells Extension
	Chalmerston
	Dalquhandy
	Damside
	Lambhill
	Piper Hill
	Rosslynlee
	Westfield Link

Central North

Contract sales: 15m tonnes to PowerGen and National Power
Estimated output: 1993-94 18.8m tonnes

Collieries	Opencast sites
Kellingley	Arkwright Colliery Reclamation
Maltby*	Broughton Lodge
Point of Ayr	Long Row
Prince of Wales	Rockingham
Selby Complex**	Ryehill

*Under development
**N Selby, Riccall, Stillingfleet, Wistow, Whitemoor

North East

Contract sales: 1.7m tonnes to National Power
Estimated output: 1993-94 2.2m tonnes

Opencast sites
Colliersdean
Linton Lane
Plenmeller
Stobswood

Central South

Contract sales: 11m tonnes-12mt to PowerGen and National Power
Estimated output: 1993-94 11.5m tonnes

Collieries	Opencast sites
Asfordby*	Bleak House
Bilsthorpe	Kirk Revised
Daw Mill	Nadins/High Cross
Harworth	Ralnge
Thoresby	Smotherfly
Welbeck	

*Under development

South Wales

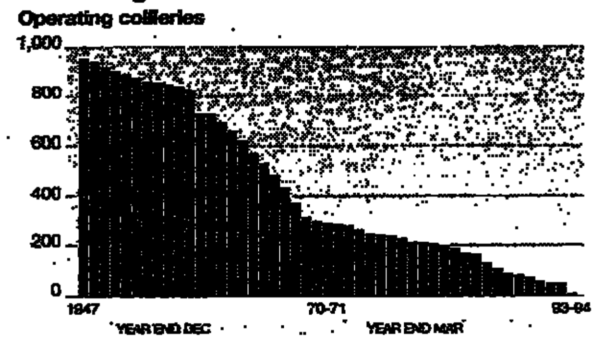
Contract sales: 1m tonnes to National Power
Estimated output: 1993-94 3.3m tonnes

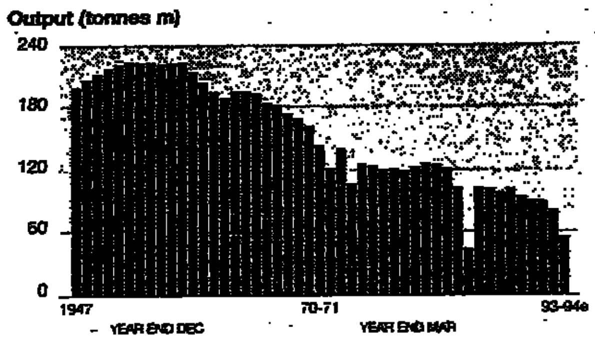
Opencast sites
Dedwyn
East Pit Extension
Fos Las
Gilfach Iago
Great White Tip
Held Colliery
Kays & Kears
Llanllid West
Nant Helen

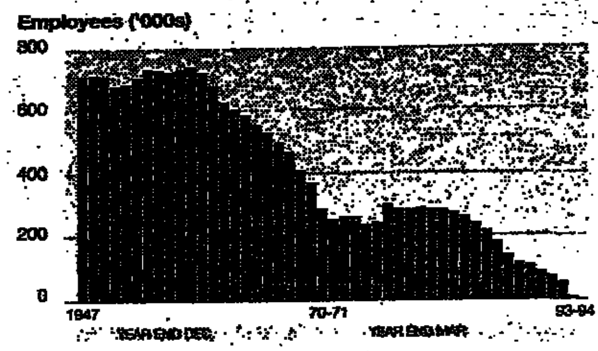
From nationalisation to privatisation

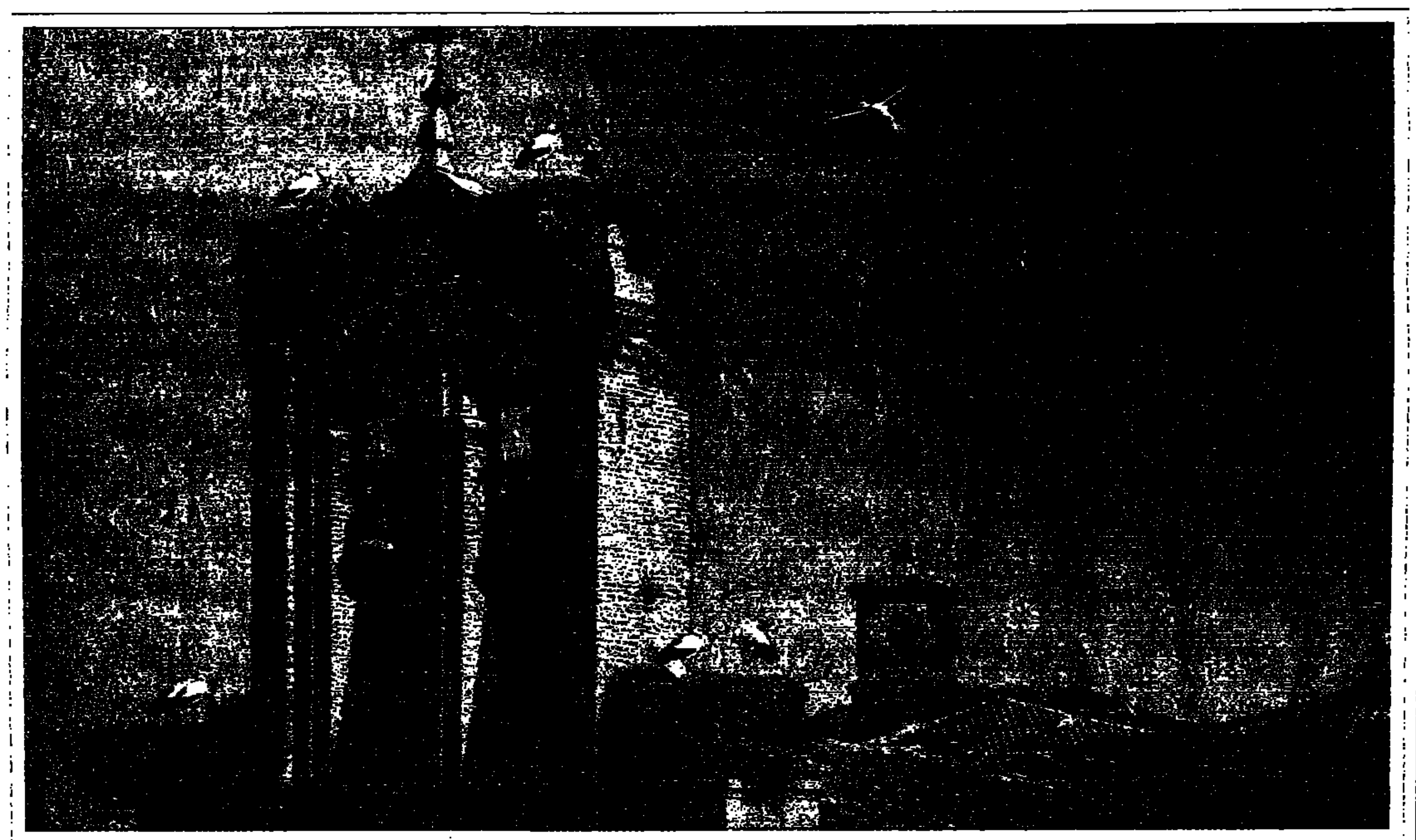
January 1947: Coal industry taken into state ownership under the National Coal Board
1950: First Plan for Coal envisages output at 240m tonnes a year by 1965
1954: Annual production at its peak: more than 223m tonnes mined from 867 collieries
1963: NCB sets objective of breaking even after paying interest and making "proper provision" for depreciation
1972: Seven-week national strike over pay. Substantial damage to industry requires huge capital injection from government. Coal Industry Act 1973 writes off deficit and provides further grants
1973: Plan for Coal drawn up by National Coal Board and endorsed by government in 1974 seeks to recapture markets from oil as world oil prices rise sharply. Plan sees output increasing to 135m tonnes by 1985 and aims to reverse decline through investment at long-life and new collieries
1974: Month-long national strike over pay. Further government cash injections required, together with large price increase. Edward Heath loses general election called during strike and three-day week
1979-80: Another oil-price rise makes coal prices more competitive, but recession hits demand and by the middle eighties imported coal, natural gas and oil more attractive
1981: Arthur Scargill elected president of National Union of Mineworkers
1984-5: Year-long pit strike
March 1987: NCB name formally changed to British Coal
1988: Energy secretary Cecil Parkinson announces government plans for the "ultimate privatisation" of the coal industry
1990: Electricity industry privatised, giving power companies more freedom about choice of energy for generation. Coal suffers as a result
October 1992: Government announces closure of three-fifths of remaining 50 pits following growth in market share of nuclear power and emergence of gas as leading generation fuel. Outcry fails to stop closures but delays privatisation
March 1994: Production tops 12 tonnes per man per shift, compared with two tonnes in 1984
April 13: Government puts five regional packages – detailed above – on market, in spite of British Coal's fears that splitting the company will weaken the industry
May 25: Deadline for preliminary applications
Early June: Fuller sales details to be published
Mid-September: Deadline for submission of bids
End December: Completion of sales

Shrinking assets









El Gordo, Caceres. Extremadura.

It's true, storks really do bring us babies.

The legendary birds of procreation feel very much at home in Spain • At the last count, the majority of Europe's stork population were Spanish residents. The black storks are particularly fond of dropping in with their little bundles of joy on Extremadura, to the west of Madrid. You can spot the new arrivals on the rooftops of any town or village • Or, if you prefer your wildlife in wilder surroundings, Spain's commitment to conservation can be viewed against some of the most beautiful landscapes in Europe • There are nine National Parks in Spain, all dedicated to the protection of the country's unique flora and fauna • Wherever you roam, the wonders of nature are never very far away. And sometimes just above your head.

ESPAÑA
Passion for life

Turning foreign eyes to the court of King Coal

Michael Smith reviews the likely bidders for British Coal and the level of interest in the US, Australia, and South Africa

It is one of Britain's most politically sensitive industries, it is frequently loss making and its markets are shrinking fast. So who would want to buy British Coal?

The government, which started marketing the company yesterday, will not be spoilt for choice when it comes to choosing who to sell to later this year.

Nonetheless there are enough potential buyers around to suggest that, much to the disappointment of privatisation's opponents, the government will have little difficulty in effecting sales.

The proceeds for the taxpayer will not be great compared to previous privatisations; certainly less than £1bn and perhaps less than £500m. But making money is not the government's primary motive.

It wants rid of an industry that has caused it constant political problems – the latest was the 1992 furore over pit closures – and which it believes would be far better run in the private sector.

That view is shared by Mr Richard Budge and Mr Malcolm Edwards whose companies, RJB Mining and Coal Investments, are mining, or intend to mine, seven pits closed by British Coal in the last year.

If they are right in their belief that they can make the pits profitable by squeezing costs and improving marketing, the same improvements would presumably be possible at the 16 deep mines and the 31 opencast sites put up for sale by the government yesterday.

The packages' attractions are further enhanced by their shares of contracts with the generators to 1998 of 30m tonnes a year.

Mr Edwards is wary of the liabilities attached to the pits being put up for sale, which he says are more onerous than those at the four former British Coal pits he will mine under leasing arrangements. It is uncertain that he will bid for any of the packages.

RJB is one of the few companies thought to be considering putting in tenders for all five packages. Hanson and RTZ, the two UK companies with the biggest investment in coal, all of it abroad, are expressing strong doubts privately about whether they will join the bidding fray.

This could be a negotiating ploy, but analysts believe they are serious about their lack of interest and are unlikely to want to involve themselves in competitive bidding.

Other than RJB, Hanson and RTZ, there are few UK companies capable of bidding for and managing all the regions.

It was partly for this reason that the government ignored the pleading by British Coal that the industry be sold as one company.

Selling it in five chunks enables much smaller companies to join in the bidding.

Each of the five regions is thus likely to attract at least one bid. The Scotland region is considered one of the most attractive. Mining (Scotland), a consortium of companies, and Scotcoal, a joint venture between Miller Group, a construction and mining company, and Ryan Group, a coal producer, have already declared they are likely to bid. Others are likely.

Ryan has also formed a joint venture, with Canadian aluminium company Alcan, to consider a bid for the north-east region, where Caledonian Mining has also expressed an interest.

In addition Ryan is thought to be looking at South Wales, where it may face opposition from a local management buy-out team. Mr Bob Siddall, director of British Coal's opencast operation, is considering leading a bid for the central north and central south regions.

For central north, comprising mainly Yorkshire pits, he could be opposed by Mr Alan Houghton, regional director. A consortium including the Union of Democratic Mineworkers and Jim Walter Resources, may also bid. Jim Walter and Alcan are the only overseas companies so far to have expressed an interest in bidding.

The government and N.M. Rothschild, the merchant bank advising it on coal privatisation, aim to remedy that within the next few months through an overseas marketing drive aimed mainly at the US.

They have their work cut out. Australian companies are more interested in investing in Asia, South African companies lack the cash to make bids anywhere and US companies, like Ziegler, Consol and Cypress Amax, appear unenthusiastic.

The US is wary of buying into an industry which is still viewed abroad as problematic for its industrial relations following the 1984-5 strike. The Arthur Scargill factor remains potent - the fiery union leader still leads the NUM.

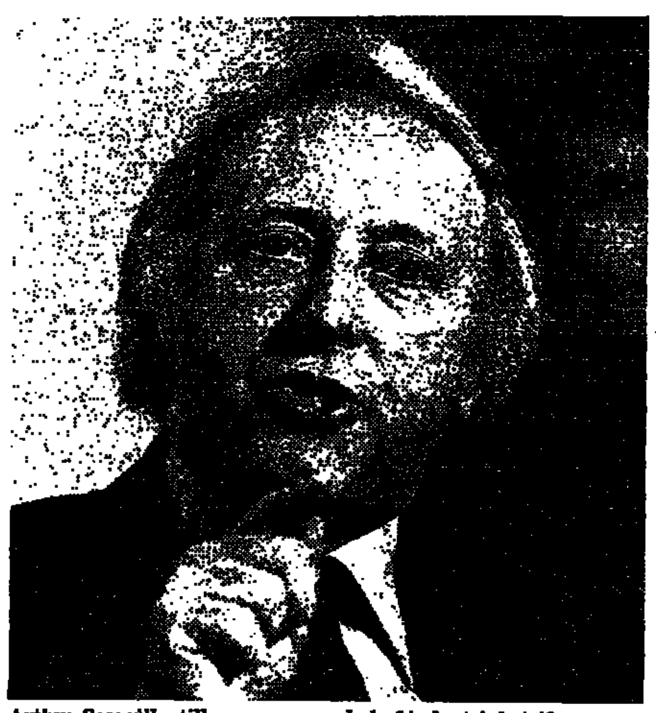
US companies have their own problems with rationalisation. They and their investors are also acutely aware that all the UK mines' contracts with electricity generators end in 1998. This causes bewilderment in a country where power contracts are negotiated on a rolling basis with several contracts over different timescales.

Rothschild's task will be to persuade the likes of Consol and Cypress Amax that the generators will need coal after 1998 and, provided UK mine owners can get their costs down, that they will want mainly British coal.

Should Rothschild fail to convince overseas companies, ministers can at least comfort themselves that they will avoid a row about selling UK industry abroad.

The downside is that the sales price of the five regions will be lower.

But British Coal will none the less be sold.



Arthur Scargill: still seen as a symbol of industrial strife

هكذا من الاصل

MANAGEMENT: MARKETING AND ADVERTISING

Diane Summers looks at how to become a 'marketing excellent' company

Corporate zits beware

Is *marketing facing* a mid-life crisis? This uncomfortable question was considered by members of The Chartered Institute of Marketing, the UK professional body, at its annual conference this week.

If the question sounds familiar, it is because the conference was addressing a similarly-titled, highly-critical report* from consultants McKinsey, which argued that *the* marketing function must take the lead in *reinventing itself.*

The McKinsey critique, published last year, was *damning* from the first paragraph: "Whatever the reality behind *marketing's* vaunted contribution to corporate success, the *large* budgets it has enjoyed for decades are finally beginning to attract attention – even criticism. So much so, in fact, that doubts are surfacing about the very basis of contemporary marketing: the value of ever more costly brand advertising, which often dwells on seemingly irrelevant points of difference; of promotions, which are often just a fancy name for price cutting; and of large marketing departments, which, far from being an asset, are often a millstone around an organisation's neck."

Marketing's bad press has continued in recent months. One respondent to a *survey*** in December from accountants and consultants *Coopers & Lybrand said: "In my 10* years as managing director, the *marketing department* has kept on growing but I'm not quite sure why."

The survey of the marketing and managing directors in 100 of the largest companies found marketing departments lacked accountability and were not involved in activities central to companies' success. Fewer than half of the marketing departments surveyed were responsible for the development of pricing strategies, while only a quarter had *responsibility for customer service;* only 42 per cent were involved in *just-in-time programmes* and 31 per cent in total quality initiatives.

Alarmed by these critiques, The Chartered Institute of Marketing commissioned Cranfield School of Management's Centre for Advanced Research in Marketing to examine the mid-life crisis question and present the findings to the institute's conference.*** Over five months, Cranfield reviewed the literature, *questioned* leading academics and consultants in the field, and spent at least six hours with each of 15 companies judged to be "excellent" in marketing terms. The decision was made largely to steer clear of the fast-moving consumer goods *companies which normally* get all the attention.

Malcolm McDonald, who *led* the Cranfield research, told delegates that four decades of marketing appeared to have had little impact on British business: for most companies, marketing remained synonymous with promotion and selling, rather than integral to all-pervading, customer-geared philosophy and practice, as it was in "marketing excellent" companies.

Some organisations have acquired the veneer and vocabulary of marketing, said McDonald, but their marketing departments operate at the periphery. Such a department, he said, drawing a circle and sticking a blob on its circumference, is like a "*corporate zit*". He is disdainful of the organisations which fail *to understand their customers,* provide them with an unsatisfactory product or service and then expect a marketing department to "sprinkle a bit of magic marketing dust" on at the end of the process.

One trend noted in the Cranfield study was for "excellent" companies to do away with marketing departments altogether and marketing professionals to be integrated into multi-disciplinary teams organised around processes or customers.

This process is being speeded by the current fashion of "business process re-engineering", or "redesign" – a concept which aims to do away with organisations' "functional barons", radically redesign business processes and eliminate the "*waiting time*" as *departments* pass partly-finished jobs to each other. *AT&T Global Information* Systems, Boots Healthcare International and Standard Life are all examples, says McDonald, of companies moving away from the single marketing department.

Cranfield found the "excellent" companies had other features in common which could be summarised to form a checklist of how to become "truely market-orientated":

- Start at the top – strong leadership and commitment to customer focus at the top of the organisation is indispensable;
- Involve everyone in the organisation in the marketing philosophy;
- Be prepared for structural change;
- Use the new structure to feed a "customer facing strategy";
- Review marketing tactics to see whether the "four Ps" – product, *price,* promotion and place – work from the customers' point of view;
- Accept that change is a way of life;
- *Understand the difference* between quality systems and quality products or services;
- Focus on the customer, not the competition;
- Look at "end-to-end", not piecemeal processes – the customer should experience seamless service;
- Keep the end user in sight. Do not become distracted by the middleman;
- Measure the success of the marketing approach and be able to demonstrate the link between customer focus and profit.

Far from being in a mid-life crisis, McDonald concludes that marketing is "somewhere between childhood and adolescence". Marketing has *not failed – for most companies,* it has yet to be tried.

**Marketing's mid-life crisis, by John Brady and Ian Davis. The McKinsey Quarterly, 1993, Number 2.*
***Marketing at the Crossroads, Coopers & Lybrand, 43 Temple Row, Birmingham B2 5JT.*
****Marketing – the challenge of change. From The Chartered Institute of Marketing, Moor Hall, Cookham, Berkshire. £99 for non-members, £85 for members, plus p&p.*

One of the "marketing excellent" companies selected by Cranfield was Land Rover, part of the Rover Group. Everyone who buys a Discovery (above), Defender or Range Rover gets a telephone call or a postal questionnaire asking about the product and service they have received.

The boundaries between engineering and marketing are being blurred through training: recruits are expected to have practical experience of assembling work, as well as marketing. Even Land Rover's security man in the UK, on duty over Christmas, was able to deal with a Defender driver stranded in Croatia. An ex-sapper himself, he arranged for spare parts to be despatched and talked the driver through their fitting.

The other companies studied for the report are: In the service sector: *Allied Dunbar; British Airways;* British Telecommunications; Rentokil; Standard Life. In consumer manufacturing: Black & Decker; Boots Healthcare International; *Johnson & Johnson; SmithKline Beecham; Sony (UK);* In industrial manufacturing and distribution: AT&T Global Information *Solutions; Electrospeed; Renishaw; Rolls-Royce Aero Engines.*

Baked beans across Europe

Neil Buckley on the benefits and pitfalls of retail alliances

J Sainsbury already claims credit for introducing products such as crème fraîche into *the UK. Now UK customers* could be confronted by increasing numbers *of continental* European products, while shoppers in France, Belgium and *Italy* may yet develop a taste for Sainsbury's baked beans.

In an unexpected move last week, the UK's largest grocery retailer formalised a partnership, called SEDD, with *three* continental *European* retailers – Esselunga of Italy, Belgium's *Delhaize of Belgium, and France's* Docks de France.

The move, which means the four groups will start sharing expertise and co-operating in buying and marketing, has focused attention on the potential benefits and pitfalls of such alliances.

Retail analysts predict a growing network of alliances across Europe. As western European retail markets become increasingly competitive and saturated, they say, organic expansion overseas will no longer be an attractive option. The best way for retailers to enter other markets may be through acquisitions or alliances.

Moreover, consumer goods manufacturing is increasingly dominated by a small number of pan-European companies.

Michael Jary, director of OC&C Strategy Consultants, says that in the case of nappies, for example, the three biggest manufacturers together account for 66 per cent of the western European market; in chocolate confectionery it is 50 per cent; and in crisps and snacks, 40 per cent. Western Europe's biggest three grocery retailers, by contrast, have only 15 per cent of the grocery market.

The only way retailers can match the strength of manufacturers is to join forces

The only way retailers can match the strength of manufacturers is to join forces.

The Institute of Grocery Distribution, the UK industry research group, has identified four types of alliance which have developed in the last few years:

- The buying group, where members co-operate in purchasing, allowing them to increase their clout with manufacturers. An example is Eurogroup, made up of Belgium's GIB, Switzerland's Co-op Schweiz, Germany's Rewe, and Vendex of the Netherlands;
- The development-based alliance, an agreement between retailers to co-operate on a specific project – often entry into a national market. An example is the agreement for Tengelmann of Germany to take a stake in Superal of Italy, giving Tengelmann a toehold in the Italian market, and Superal the benefit of Tengelmann's management experience;
- The skills-based alliance, where retailers share knowledge and *expertise. Belgium's GIB group,* for example, and Sainsbury's, *co-operated in developing the* Homebase chain, using GIB's *experience in the DIY market and* Sainsbury's UK presence;
- The multifunctional group – the category into which *Sainsbury's SEDD alliance falls* – which combines elements of the other three types. Until now, the best-known have been the European Retail Alliance, made up of the UK's Argyll, Ahold of the Netherlands and France's Casino, and Associated Marketing Services, which includes the ERA members plus retailers from Germany, Switzerland, Sweden, Finland and Spain.

Sainsbury says that in addition to their combined purchasing power, members of SEDD will *gain strategic advantages by* sharing expertise in areas such *as IT and systems. They may also* co-operate in functions such as *distribution* and marketing.

The continental European partners are likely to gain from Sainsbury's expertise in the area of own-label products.

Michael Morgan, Sainsbury's director of international buying, says manufacturers will also benefit, with the opportunity *eventually to launch products* simultaneously in four different markets with a *coordinated* marketing campaign.

While there are no plans for cross-ownership of shares, its members are committed to making it a success.

"If we go into something like this, we will not be keeping one hand behind our back. There has got to be a *relationship of* trust and mutual respect," says Morgan.

Industry observers are more sceptical. "European alliances so far have generally been very disappointing," says Jary. "There was a great deal of activity and publicity when they were first set up, but we seen little evidence of their success."

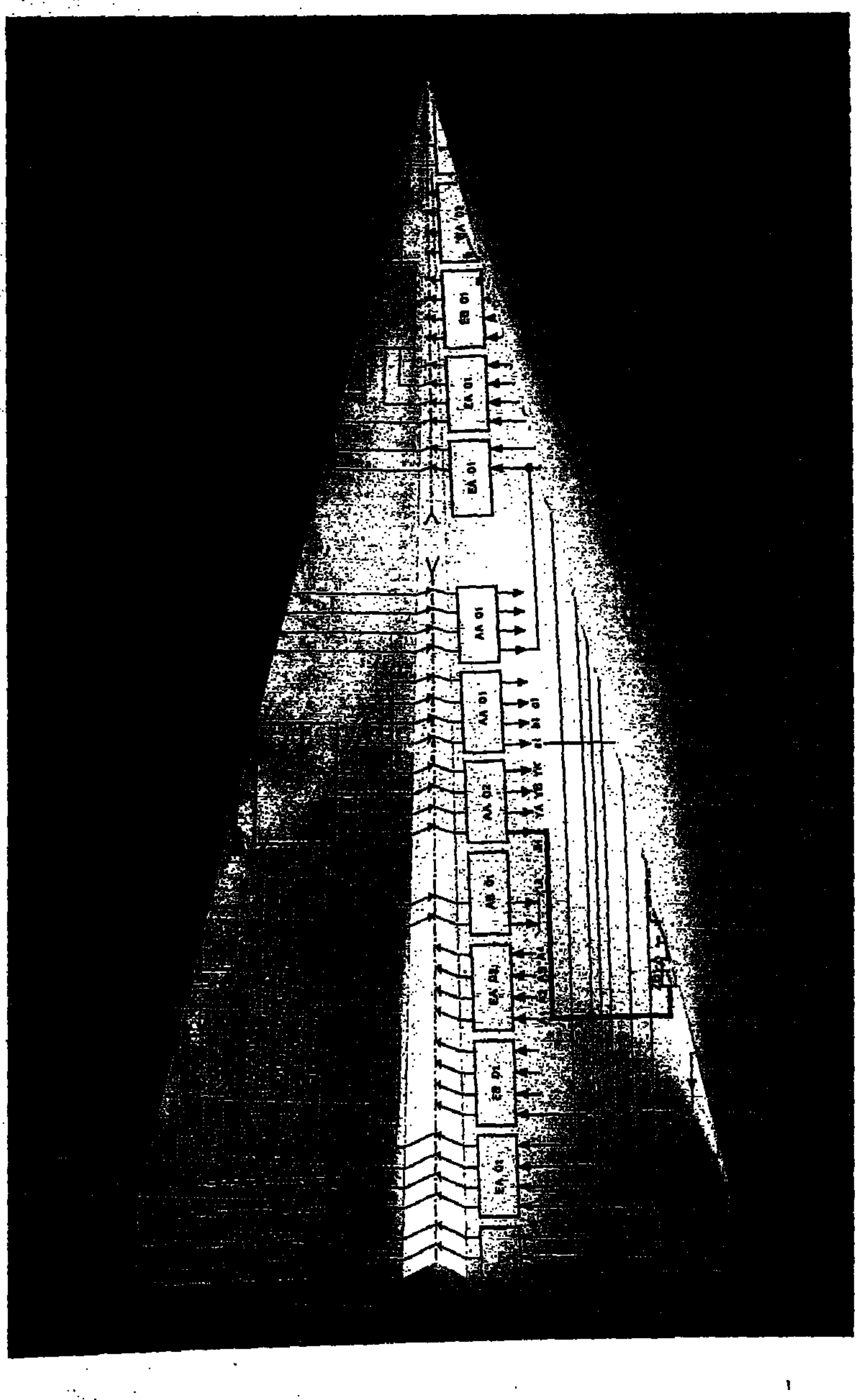
One problem is that buying groups cannot exploit their combined power fully unless they can threaten manufacturers with the ultimate sanction of delisting products in all the member companies. In alliances of different groups with no cross-ownership, one individual is unlikely to have such authority.

Cultural differences are also important. Products, especially own-label ones, do not always transfer successfully into new markets, limiting the scope for joint buying by partners. Moreover, as one retail analyst puts it, "If you put retailers from Britain, France, Germany and wherever in the same room, they won't even be speaking the same language, let alone the same corporate language".

An alliance may limit *the scope for* retailers to expand into other members' home markets

A final problem is that joining a retail alliance may limit the scope for retailers to expand into other members' home markets – or to take over one of their partners. Asko was to have been a member of AMS until it was discovered that it had acquired a significant minority stake in one of the other members, Ahold. *Asko left to form its own group.*

While European alliances may *be one way forward for ambitious* retailers, analysts suggest that it is only through acquisitions and cross-ownership agreements that retail groups will really be able to benefit from joining forces.



Can you simplify the global exchange of technology?

Technology transfer is like teaching: it's best done face-to-face. When Thailand legislated that industrial users had to supply their own electricity substations, the local economy didn't have the know-how. ABB's worldwide power distribution group reacted with a swift hands-on transfer of technology. A "Tiger Team" of technicians flew in from Scandinavia and Saudi Arabia, teaming up with Thai engineers to share skills and experience. Together they handled the first project for the Thai Plastic Company. Next, ABB started local assembly and manufacture of switchgear, creating a whole new industry. Local firms now supply parts and plant – steel structures and cables – previously imported. The "Tiger Team" remains involved in information exchange, but now the students are teachers, too.

As a leader in electrical engineering for the generation, transmission and distribution of power, and in industry and transportation, ABB is committed to industrial and ecological efficiency worldwide. We transfer know-how across borders with ease. But in each country, ABB operations are local and flexible. That means we are close at hand to help our customers reply swiftly and surely to technological challenges which stretch the limits of the possible. Like promoting a local economy to the head of world class technology.

Yes, you can.

ABB Asea Brown Boveri Ltd., Reader Services Center, P.O. Box 822, CH-8021 Zurich

ABB

Nikki Tait kicks off a worldwide series on collaborative research between industry and academia by looking at Australia's bionic ear

The message is loud and clear

In the midst of an industrial estate on Sydney's North Shore, a roomful of technicians hunch over their workbenches. With painstaking delicacy, and shielded in a "clean" environment, they are hand-building the parts which make up a bionic ear.

This is a system which can return sound to a profoundly deaf person. It works by surgically implanting a small electronic device in bone behind the patient's ear. Sounds are then picked up by a small microphone worn over the ear and digitalised by an attached speech processor. The result is transmitted to the implant, which converts the codes into electronic signals and stimulates the hearing nerve fibres. These, in turn, send impulses to the brain.

Cochlear, which commercialised this system, is the sort of company which Australian politicians exult over. On the one hand, it dominates its global market and earns most of its money overseas. On the other, it is proof that collaborative research can pay dividends. Graeme Clark, a professor at the University of Melbourne, supplied the initial research. The federal government, through two commitments totalling almost A$4m (£1.9m), funded the development cost up to clinical trials. Private industry in the shape of Nucleus, Cochlear's parent (now part of Pacific Dunlop), did the rest. Today, Mike Hirshorn, Cochlear's chief executive for manufacturing, says royalties have more than repaid the public investment. More than 8,000 systems have been sold.

While some countries debate the merits of collaborative research, Australia has actively encouraged it for a decade at least. The reason is simple. Politicians can see the attractions of building future growth on high-technology, value-added exports, but know that Australia fares poorly in the international research and development stakes. On average, OECD countries spend 1.87 per cent of gross domestic product on R&D. In Australia, the figure is 1.35 per cent.

This R&D weakness, however, is centred in the private sector. If amounts of public expenditure on R&D are isolated, Australia easily surpasses the OECD average – and, in proportional terms, beats the US. A single statistic makes the point more bluntly: as recently as 1987, only 5 per cent of Australian manufacturing companies spent any money at all on R&D.

So the need to maximise the commercial opportunities thrown up by public-sector research is paramount. "To a great degree, there have been three major ideas behind the government's science and technology policy in recent years," remarked Senator Chris Schacht, former federal minister for science, in last year's budget statement. One of these was "to look for ways which would give a better commercial return on publicly funded research".

This commitment has led to a range of government initiatives, of which the creation of more than 50 "co-operative research centres" is probably the most high-profile. CRCs are formal research programmes, drawn up between educational establishments and industry but federally funded. In most cases, government research organisations also have an input.

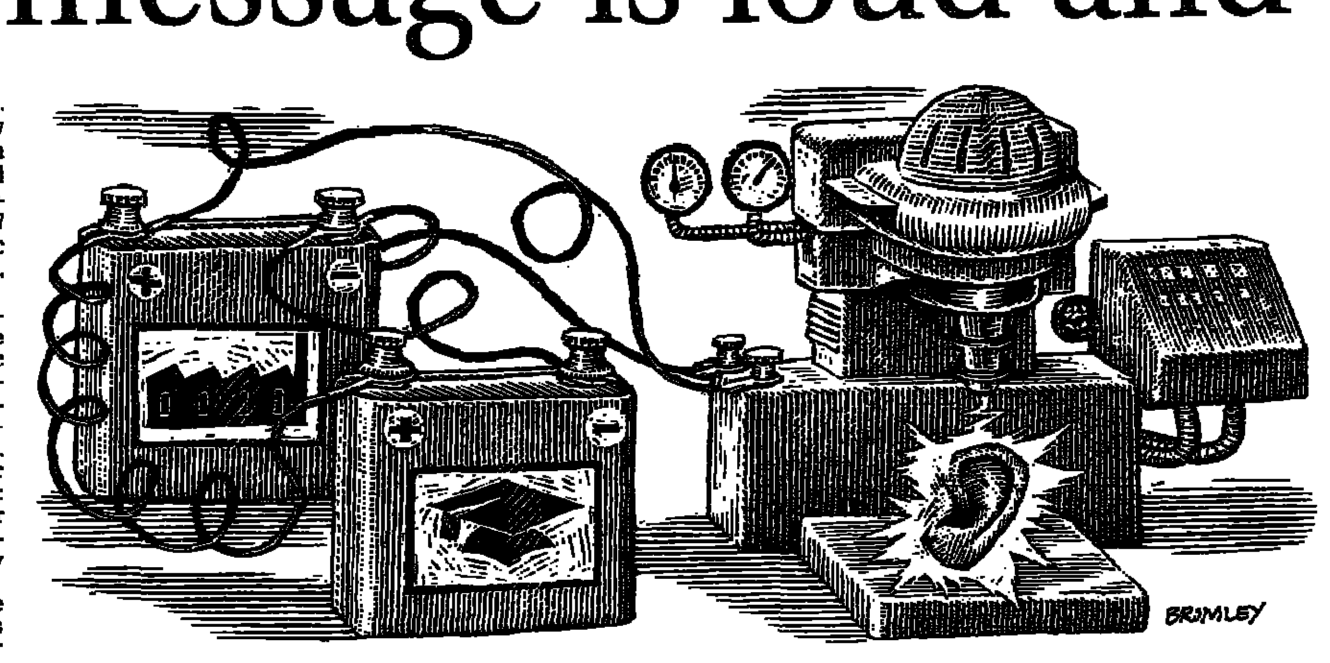
An example would be the "Cochlear CRC", which handles ongoing research related to the implant system. Other CRC areas vary widely, from viticulture to maritime engineering. Funding for the CRCs is targeted to reach A$130m in 1996-97, when Schacht anticipates more than 60 centres.

A second initiative was the formation of the Australian Technology Group in 1992. This was designed to play an "early stage" investment-style role similar to that of the UK's British Technology Group. Government provided an initial A$30m budget, but expects ATG to raise future cash from the private sector.

Simultaneously, the authorities have attempted to wring a more commercial approach from existing public research organisations. Inevitably, the main focus of this policy has been the country's biggest scientific research organisation, the Commonwealth Scientific and Industrial Research Organisation, which has more than 7,000 employees spread around some 100 sites.

Back in the 1980s, CSIRO was given a 30 per cent external funding target – a figure which it now meets, although not uniformly across all divisions. That, in turn, has forced the organisation to take a more proactive, "service" role towards industry.

Partly as a result of this, CSIRO has also shifted its internal priorities. Research in the mineral resources, manufacturing and communication fields, for example, is given more weight when the organisation considers funding allocations, while the influence of areas like animal production and primary products, defence and community services has declined.



These changes have not come easily, and there has been debate – both inside and outside CSIRO – over their merits. As John Stocker, CSIRO's chief executive, admits: "We went out, sometimes rather naively, and touted for and found business. In the early days, there was a real risk of short-termism, of accepting everything that came our way, because the main performance indicator was not the outcome [of the research], but the achievement of the input of 30 per cent external earnings."

But he claims that the organisation is now more "hard-headed" about the work it takes on. "I guess it's gratifying that in the recent review of the consequences of the external earnings target, it's been concluded that the mixture of strategic research, basic research and applied research is back to levels we had before the target was set."

Manufacturing industry, at any rate, seems appreciative – although some scientists do mourn the loss of informality which, they say, used to permeate CSIRO, and the time taken up in negotiating contracts. "In the past few years, we've found that they're much more able to identify with industry needs . . . and become far more open and receptive," says ICI Australia.

Even so, no one pretends that collaborative research in Australia works perfectly. One basic problem is the size of the domestic economy and the small number of big corporations. Because of the home market's limitations, many high-technology products must be exported from the outset. Finding an Australian enterprise which has the expertise to do this is not easy.

In Cochlear's case, the authorities were successful. Nucleus drew on the management expertise which had developed its cardiac pacemaker business, Telelectronics, and the Cochlear team targeted the US market from the outset. The first US implant took place in 1983, only a year after the initial Australian trials. A Denver-based subsidiary was formed in the following year. By 1986, US Food and Drug Administration approval for the implant system had been secured.

By contrast, when it came to the marketing of Australia's gene shears *technology* – the result of molecular biology work by CSIRO scientists, and essentially a means of manipulating or neutralising genes – the authorities were unable to find appropriate local partners. In the end, it was decided to commercialise the technology in conjunction with Johnson & Johnson, the US pharmaceuticals group, and France's Groupe Limagrain.

Aware of these problems, CSIRO called in McKinsey, the management consultants, to review its relationship with small and medium-sized enterprises (SMEs) last year. McKinsey found that the country's largest research organisation interacted with only 10 per cent of SMEs, and that even in these instances the results were mixed.

Almost 90 per cent of SMEs who had used CSIRO would recommend the research organisation, but with qualifications. These ranged from complaints about "intellectual aloofness" to the need for more timely responses. Some of the comments from CSIRO employees were equally blunt. "Lack of stability", "too few senior people with technical skills", and "they want fast answers to ill-posed problems" were some of the scientists' whinges.

When chips get too close for comfort

In the 30 years since the invention of the silicon chip, researchers have concentrated on squeezing more and more circuitry on to the chip's surface. For the first time, they are now also beginning to worry about what happens underneath these circuits, inside the silicon.

The goal of silicon research has been to make the transistors in the circuits smaller. The more transistors on one chip and the faster each works, the more each chip can do for the user.

But the transistor is basically a switch. Like a light switch, the moment it is flicked a great deal of current starts flowing. Although the effect is invisible inside a chip, the sparks can be big enough to affect other transistors nearby, making them switch when they should not and possibly causing the computer to malfunction.

This effect is called leakage and is similar to a crossed telephone line when the electrical signals from one circuit pass on to another. As transistors become rapidly smaller, so do the signals switched. But for reasons to do with the physics of silicon, the sparks are not reduced at the same rate, making leakage more and more of a problem.

In the past, leakage was cut out by building walls, called isolation, around each transistor. But as the transistors get smaller, the part of the chip taken up by isolation becomes excessive, so a new solution had to be found. A number of companies now believe the answer is to put a layer of insulator under the transistors. This is because computer models of silicon chips suggest the leakage current goes down into the silicon before affecting other transistors. The most common such technology is called Silicon on Insulator or SOI.

Researchers at NTT, the Japanese telephone company, have built a number of SOI chips. Mitsubishi engineers have used the same techniques to make circuits for a 256Mbit memory chip. This is two generations of technology beyond the most advanced memories used in PCs today, or about five years ahead of the market.

European chipmakers such as SGS-Thomson and the French operation of IBM are also developing chips based on the technique, as are Japan's Toshiba and Motorola of the US. IBM in the US has helped set up a company called SiBond to supply the right kind of silicon. Chenming Hu, a professor at the University of California at Berkeley, says the technique would be vital for chips used in battery powered systems such as personal digital assistants like Apple's Newton.

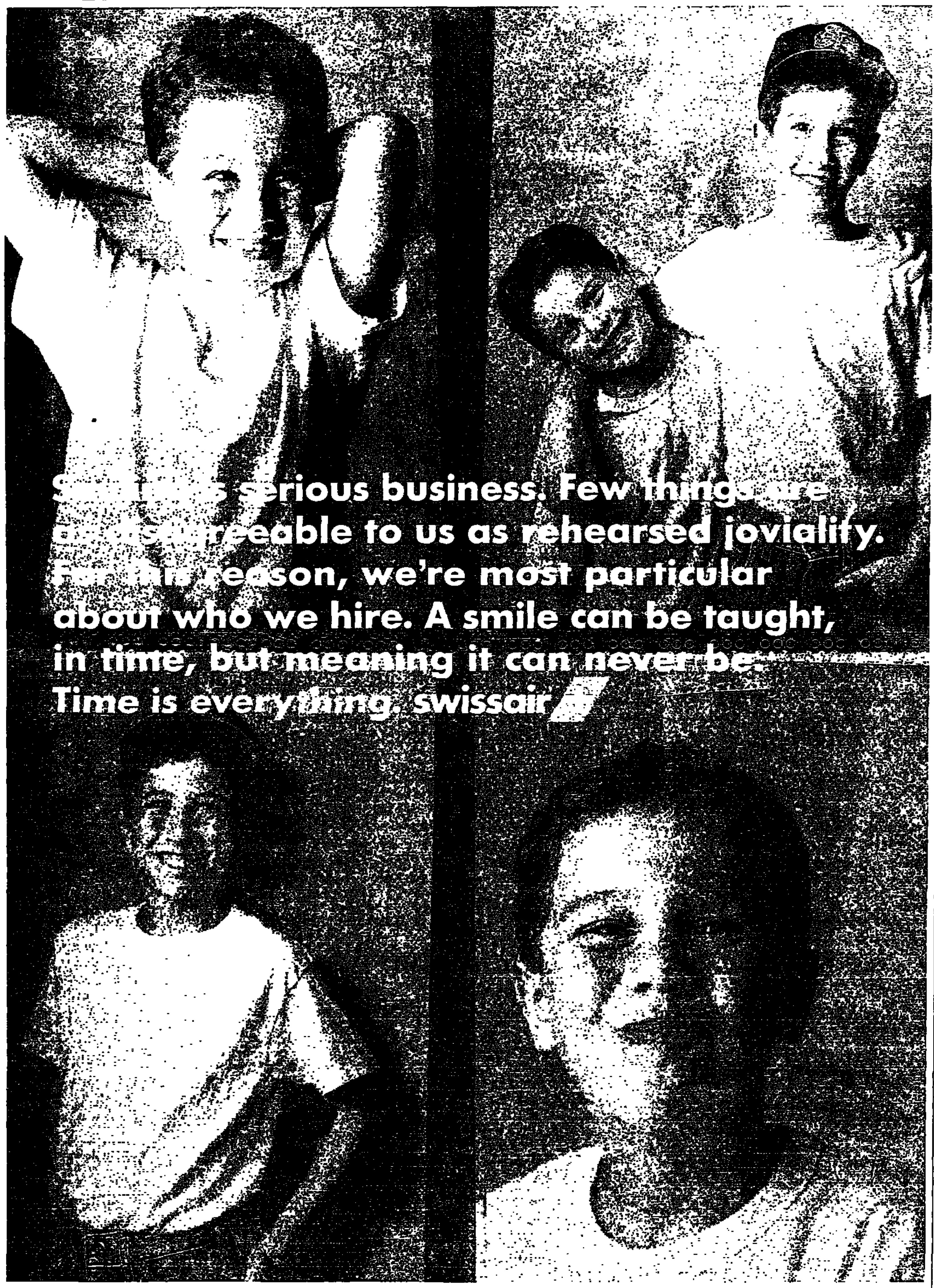
The SOI technique does not require drastic manufacturing changes. The difference is in the silicon wafer which the chips are made on. Instead of pure silicon, a layer of insulator is injected below the surface of the silicon using high energy beams. These make it relatively easy to control the depth and thickness of the layer of insulator.

Not all chipmakers agree that SOI is the right answer, however. Researchers at AT&T's Bell Labs in the US have developed their own technique and are sceptical about SOI's long-term usefulness. They point to damage to the wafer which can be caused by the process of injecting the insulator as a big drawback of SOI.

The Bell Labs technique creates two tiny areas of insulator under each transistor rather than a layer under the surface of the whole wafer. One of these areas has to be implanted using the same technique as SOI, but the team believes that because it is much smaller, it will cause less damage to the wafer. The second layer can be created using ordinary chipmaking techniques.

As computers become more portable, what goes on inside the silicon will matter as much as the ever-shrinking transistor on its surface.

Rob Causey



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IN BRIEF

Accor foresees profits growth

Accor, the French travel company which earlier this week announced a fall in profits for 1993, expects to return to profits growth this year. Accor is now waiting to hear whether its offer for Meridien, the luxury hotel chain controlled by Air France, has been accepted. Page 18

Nomura turns away from Tokyo
Nomura International is becoming less like the European arm of the largest Japanese broking house and more like the US and European investment banks it wants to emulate. Page 18

United staff accept pay cuts
Employees of United Airlines, the US airline, have agreed to take pay cuts of up to 23 per cent in return for shares that will give them a controlling stake in the company. Page 19

Caremark in low-cost drug link-up
Three large pharmaceuticals companies have joined with Caremark International, a US drug distributor, to offer lower cost drugs to buyers. Page 19

Alcoa to set up car body plants
Aluminum Company of America (Alcoa) expects to set up at least two more plants in Europe within five years to produce aluminium "spaceframe" bodies for cars. Page 20

Transamerica sells Sedgwick stake
Transamerica Holdings, the US-based financial services holding company, has disposed of its stake of around 21 per cent stake in Sedgwick Group, the UK insurance broker. Page 22

Smiths Industries recovers to £46m
Smiths Industries, the UK engineering and aerospace components group, reported a recovery in profits from £40.3m to £46m ($68m) before tax in the six months to January, in spite of the continued depressed conditions for its aerospace business. Page 24

Savoy back in the black
Savoy Hotel has returned to the black with pre-tax profits of £725,000 ($1m) for the year, compared with losses of £1.43m, but it is proposing to halve its dividend. Page 24

Chilean fruit not yet out of the woods

Chilean fruit exports suffered last season by duties imposed by the European Union. This season, Argentina, one of Chile's biggest Latin American customers, has been refusing entry to about 60 lorries a month. Page 26

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Douglas Hld	588	+	10
Holzmann Ph	955	+	25
Klockner Werke	157	+	8.2
Leifheit	820	+	15
Falls			
Goldschmidt	600	–	12
Springer Axel	638	–	12

NEW YORK ($)

Falls			
Alcoa	70¾	–	1
Fleet Fin	38⅝	–	1
Merrill Lynch	36⅛	–	1⅛
Micron Tech	81	–	5¾
Texas Inst	69	–	4
UAL	128	–	1¾

New York prices at 12.30pm.

PARIS (FFr)

Rises			
Accor	720	+	25
Essilor Int	739	+	34
Fonc Lyon	907	+	37
GTM-Entrepose	474.5	+	21.5
Falls			
AGF	558	–	30
Cred Lyon	589	–	31

TOKYO (Yen)

Rises			
Brother Ind	572	+	27
Chuo Tst	1380	+	70
Keihin Elec	658	+	31
Noritake	783	+	43
Yamaha Corp	1230	+	80
Yuasa Corp	665	+	42

LONDON (Pence)

Rises			
Ameco	99	+	10
Bakyrchik	321	+	15
Barlows	60	+	4
Chloride	35½	+	2½
Dewhurst Elect	633	+	20
Dickie (James)	170	+	10
Intereurope Tech	144	+	9
Monarch Res	304	+	13
National Express	321	+	18
Smiths Inds	485	+	18
Stagecoach	193	+	6
Yorkshire Food	109	+	8
Yule Catto	311	+	12
Falls			
Ashley (Laura)	77	–	4
Barry Wehmiller	162	–	8
General Accident	632	–	13
Lep Group	4	–	2
Micro Focus	880	–	40
Scottish TV	469	–	14
Sedgwick	199	–	15
Sims Food	82	–	21

Tenneco may spin off JI Case

By Laurie Morse in Chicago

Tenneco, the Texas-based industrial company, is considering spinning off its JI Case division, the Wisconsin-based subsidiary that is a leading manufacturer of farm and construction equipment.

Mr John Stark, editor of a Chicago-based newsletter that follows the heavy equipment industry, believes Tenneco will announce plans for a Case spin off this month. "We understand the announcement could come as early as next week," he added.

Mr Thomas Hayes, Tenneco spokesman, said the company could not comment on rumours about possible strategic actions.

Few analysts believe Tenneco could find an outright buyer for JI Case, citing a worldwide contraction in heavy equipment. However, a spin-off of Case stock to Tenneco shareholders, with majority interest still held by Tenneco, would follow successful spin-offs last year by Dresser Industries and Detroit Diesel.

However, earlier this year, Mr Dana Mead, Tenneco's president, said he would not overlook any option that would enhance shareholder value.

Talk of a potential spin-off intensified this month, when Tenneco appointed Mr Jean-Pierre Rosso, a former Honeywell executive, as Case's president. "The appointment [of Mr Rosso] showed Case is becoming more serious about dealing with losses in Europe," said Mr Frank Manfredi, editor of Illinois-based Machinery Outlook. "Rosso looks good to the financial community."

Tenneco has been carrying out a big restructuring and cost-cutting effort for two years, with its JI Case division delivering the most remarkable turnround. Case last year reversed a $1bn 1992 loss, reporting operating income of $82m. While sales were down slightly at $3.7bn, analysts say a slight upturn in demand for construction equipment and the company's return to profitability make it ripe for a spin-off. Tenneco fully funded Case's pension contracts in December, which analysts interpreted as preparation for a spin-off. "Case is debt-free and has no underfunded pension liabilities," said Mr Stark. "This would be an ideal time to spin them off."

David Waller tells how one of Germany's property empires has come close to collapse

Ask my bank, said Schneider, before the fall

In February Mr Jürgen Schneider, the property entrepreneur whose empire is on the verge of collapse, granted an interview in which he sought to calm fears about the finances of the group bearing his name.

"My projects are sound and profitable," he told the Frankfurter Allgemeine newspaper, bragging that he had never sold a property at a loss. If anybody had doubts about this, they should ask his bank, he said defiantly.

Today "his" bank – he did not name the institution but it is probably Deutsche Bank which is owed more than DM1bn – will meet more than 40 other creditors to work out whether the group has a future. With debts estimated at DM9bn ($5.2bn), his property ventures have turned out to be far from "sound and profitable".

The affair signals the end of Germany's immunity to property crashes

Mr Schneider, 59, a self-made man with a passion for restoring old buildings, will not be at the meeting. He and his wife disappeared on Friday, leaving fellow board members with a fax saying that he had been advised by doctors to play no further part in the group's affairs. To the consternation of bankers and developers, he has not been heard of since.

Always a controversial figure, with a reputation for meanness in paying suppliers, Mr Schneider was rumoured yesterday to be in Switzerland. Wherever he is, the repercussions of his disappearance will be profound for the German business community.

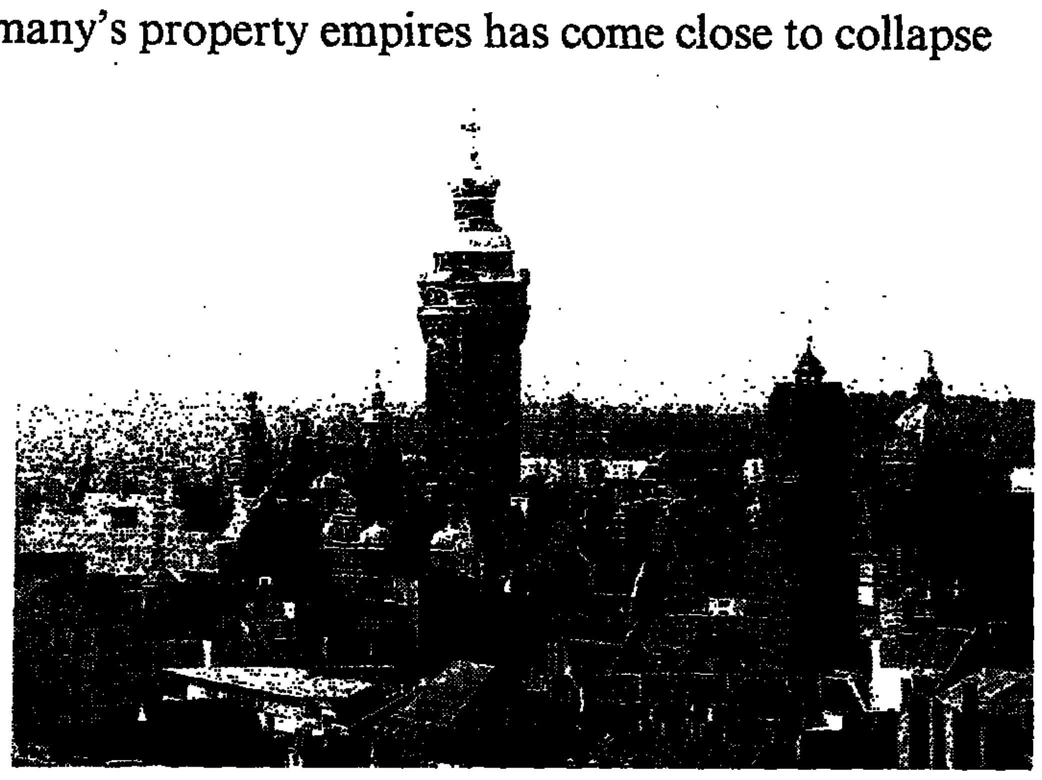
Still reeling from the near collapse of Metallgesellschaft, the Frankfurt-based mining, metals and industrial group rescued earlier this year, bankers and businessmen are facing the implosion of one of Germany's largest privately owned property empires. The group has more than 80 large properties in Germany alone and employs more than 2,000 people.

The affair signals the end of Germany's immunity to the property crashes which have been a feature of business life in the world's leading economies in recent years.

When German property developers eyed the problems of Olympia & York and innumerable other prominent foreign property groups, there was tendency to think that "this sort of think can't happen here". The Schneider case has punctured that complacency.

"This is absolutely typical for this stage of a recession, however untypical for Germany," said Mr Adolf Rosenstock, chief economist at the International Bank of Japan's German arm. "Schneider was always very aggressive and very speculative, and now the bubble has burst."

In the absence of concrete information, and of Mr Schneider, it is difficult to say exactly what has happened. But property experts said yesterday that it appeared to be a classic case of over-expansion, financed by gullible banks.



Tony Andrews

Leipzig: where Schneider owns street after street of buildings in the historic city centre

"For two years now we've been asking ourselves: how on earth does he do it?" said one developer. "His organisation has always paid 20 to 30 per cent over the odds. His valuations always seemed overly optimistic and he never seemed to sell anything. It does not surprise me that it has come to this."

Critics say that it is only by virtue of overpaying that he has managed to assemble his portfolio of properties. Most of these are prestigious commercial developments in the heart of German cities. Schneider owns the Bernheimer Palace in Munich, the Hotel Rose in Wiesbaden, as well as important retail sites in cities such as Frankfurt, Berlin and Leipzig. The group's headquarters is itself a castle in the town of Königstein near Frankfurt.

The desirability of many of the properties is likely to limit the immediate impact of Schneider's problems on the German property market. Consultants said there would be willing buyers for most of the portfolio if the group were to be liquidated.

But the affair will hit German banks, already suffering mounting bad debts from their exposure to Germany's troubled industrial companies. Analysts suggest that many of the bigger banks will have already provided for their exposure to Schneider in their recently reported figures for 1993. Shares in Deutsche Bank and other leading German banks nevertheless dropped sharply this week, reflecting fears about a sharp deterioration in the quality of their loan books.

Over time, the impact on bankers' confidence is likely to depress the German property market, where rental income has fallen substantially from 1991-92 highs, reflecting the severity of the recession.

More immediate will be the impact on the numerous tradesmen and small businesses owed money by the group, a fact recognised by Chancellor Helmut Kohl yesterday when he urged banks to be mindful of their responsibility to the community as they meet today. Trade creditors are believed to be owed DM3bn out of the debt total.

In Leipzig alone, where Schneider owns street after street of buildings in the historic city centre, some 3,000 construction jobs are said to depend on the empire. All are at risk.

As in the Metallgesellschaft affair, where thousands of jobs were lost as a result of the group's near insolvency, it will be asked: how could it happen?

Probably Mr Schneider, who wove a complicated web of interconnected companies, is the only one with the full answer. In his absence, the question will be directed at the Frankfurt banking community which, as with Metallgesellschaft, has once again been surprised by the dire problems of a company based on its very doorstep.

Michelin in the red after shake-up

By John Ridding in Paris

Depressed European markets and the costs of an ambitious restructuring programme pushed Michelin, the world's largest manufacturer of tyres, into a net loss of FFr3.67bn ($625m) last year, the group announced yesterday.

The French company said, however, that recovery was under way and that it was well positioned to return to profit this year.

Industry analysts predicted that net profits could exceed FFr1bn for 1994 as markets revived and the benefits of the company's restructuring programme fed through.

Last year's loss, which compares with a net profit of FFr79m in 1992, was at the upper end of industry forecasts and included a FFr2.76bn charge for the group's two-year restructuring plan. Sales fell by 5.3 per cent to FFr63.29bn.

Mr Eric Bourdais de Charbonnière, the finance director, said Michelin was on course to achieve target savings of FFr3.5bn by 1995 through job cuts and productivity measures.

The package, launched last April, had brought savings of FFr1bn in 1993 and allowed a return to profit on ordinary activities in the final months of the year, the company said.

Mr de Charbonnière also described a recovery in the group's principal markets. "In Europe, first-quarter sales to the original equipment markets have shown a clear improvement," he said.

Sales of replacement tyres had also improved, although this was more a reflection of the introduction of new products than of a recovery in the market, the company said.

In the US, according to Michelin, recovery started last year and was more firmly established. The end of a price war launched in the spring of 1993 – confirmed by an increase in prices by the five major tyre companies in the US market in the first quarter of this year – had further strengthened prospects, said Mr de Charbonnière.

Net debts fell slightly, from FFr29.3bn at the end of 1992 to FFr28.7bn.

Shares in the group, which have risen by more than 30 per cent since the beginning of the year, slipped yesterday, closing down FFr3.50 at FFr269.5. Michelin said it was not proposing to pay a dividend for last year.

Philip Morris may split tobacco from food side

By Richard Tomkins in New York

Philip Morris, the US food, beer and tobacco group that makes Marlboro, the world's biggest-selling cigarette, is considering splitting its tobacco operations from the rest of the business to limit the damage caused by the problems afflicting its domestic tobacco side.

Mr Hans Storr, executive vice president and chief financial officer, told journalists late on Tuesday the plan was one option being studied to enhance the value of Philip Morris's shares.

Mr Storr emphasised that no decisions had been taken. Other options included continuing with the company's share repurchase plan. Philip Morris bought back 3 per cent of its shares last year.

But Mr Storr said it was clear that Philip Morris's share price was suffering excessively from problems associated with the domestic tobacco business, and the group was actively seeking a solution. "We are keenly interested in shareholder value, and we are very distressed at the present low value of the stock," Mr Storr said.

Like other US tobacco manufacturers, Philip Morris is facing increasing opposition to its cigarette products from politicians and anti-smoking groups. It is also facing a tough fight in Congress over President Clinton's plan to help pay for healthcare reform with a steep rise in cigarette tax. Meanwhile it continues to suffer the effects of last year's cigarette price war in the US.

Six weeks ago ABC, the US television network, broadcast a programme alleging that Philip Morris was adding extra nicotine to its cigarettes to make them more addictive. This prompted the Food and Drug Administration to suggest that if the allegation were true, there might be a legal basis for regulating cigarettes as a drug. Philip Morris denied the allegation and filed a $10bn lawsuit.

Philip Morris's interest in splitting its tobacco and food businesses echoes a similar proposal by RJR Nabisco, the US food and tobacco group, last summer. RJR Nabisco's plan foundered because Wall Street disliked its structure, but the company is widely expected to come back with a fresh attempt at a stock split this year.

Eastern German construction helps RMC rise to £178m

By Andrew Taylor, Construction Correspondent

A strong performance in Germany, Europe's busiest construction market, helped lift pre-tax profits at RMC Group, the world's largest concrete producer, 6.8 per cent to £177.8m ($260m).

Mergers and joint ventures involving RMC's growing German operations have brought substantial tax advantages reducing the group tax charge from almost 36 per cent in 1992 to just under 26 per cent last year.

As a result, earnings per share rose more than a quarter from 31.2p to 39.4p. The final dividend is increased from 13.4p to 14.4p raising the total payment by 5 per cent to 21p. RMC shares rose from 950p to 986p.

The German construction market continues to steam ahead with housebuilding and renovation in the former eastern German republic more than offsetting reductions in infrastructure investment and commercial building in the west.

RMC's German profits rose almost 17 per cent to £140.6m on a 10 per cent increase in turnover to £1.49bn. They were more than four times UK profits which trebled from £10.5m to £34m helped by a recovery in housebuilding, cost cuts and firmer prices for sand and gravel, ready-mixed concrete and coated stone. Further progress was expected in the UK this year.

The group said, however, the main engine for profits was likely to remain Germany, which accounted for 44 per cent of group turnover and 67 per cent of pre-interest profits.

Mr Derek Jenkins, finance director, said total housing starts in western Germany were forecast to be 550,000 this year compared with 196,000 in the UK. Cement sales from RMC's Berlin works were forecast to rise to 1.8m tonnes from 1.5m tonnes.

By the end of this year RMC would have invested £500m in eastern Germany since the Berlin Wall was dismantled, said Mr Jenkins. The group had also seen a strong performance in Israel and improvement in the US.

Lex, Page 16

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BEST INVESTMENT GROUP 1993

Accor forecasts return to profits growth this year

By Alice Rawsthorn in Paris

Accor, the French travel company which earlier this week announced a fall in profits for 1993, expects this year to return to profits growth, according to Mr Paul Dubrule and Mr Gérard Pélisson, joint chairmen.

They said they hoped Accor would, in 1994, see net profits return to the 1992 level of around FFr802m ($136.6m) against 1993's FFr615m. They also anticipated faster profits growth, to around FFr1bn, for the following year.

Accor, which suffered last year from the effects of recession on its European hotel business, is now waiting to hear whether its offer for Meridien, the luxury hotel chain controlled by Air France, has been accepted.

Air France has invited offers for its 57 per cent majority stake in Meridien. Accor, still burdened by debt after its 1991 takeover of Wagons-Lits, the Belgian travel group, is mounting a joint bid with Price Al Waleed, a nephew of King Fahd of Saudi Arabia.

Accor, which hopes to merge Meridien with its Sofitel luxury hotels, will provide 51 per cent of the cash required for the bid. The prince, whose fortune is estimated at $10bn, will provide the rest.

However, their offer faces stiff competition from Forte, the UK hotel group which has also bid for Meridien. Air France will decide which offer to accept at the end of this month.

Iveco forms joint venture in Russia

By Kevin Done, Motor Industry Correspondent

Iveco, the commercial vehicles subsidiary of Fiat of Italy, has formed a joint venture in Russia for the production of heavy-duty vehicles.

It is taking a one-third share in the venture along with Uralaz, the Russian heavy truck maker, and Gazprom, the Russian natural gas agency, which will also each hold stakes of one-third.

At full production the venture is planning an output of 600 Arctic vehicles a year, 2,500 heavy duty-road vehicles and 9,000 cabs and components that will also be used for Uralaz production.

Investment in the joint venture is valued at $33m.

Iveco, the second largest truck maker in west Europe, said that it would provide know-how, dies and equipment as well as technical and marketing support.

Uralaz, which produces around 20,000 medium-heavy duty vehicles a year, will provide the buildings and machinery for the venture and the workforce, which will total around 700 at full production.

First Chicago hampered

First Chicago, the US bank, reported improved first-quarter earnings, but said its results were hurt by its emerging markets trading unit, Reuter reports from New York.

"Extreme volatility in global financial markets in the quarter led to a [$25m] loss in this unit that more than offset profits in other trading activities," said Mr Richard Thomas, chairman.

A year ago, trading activities resulted in a gain of $54.5m.

First Chicago reported first-quarter fully-diluted earnings of $2 a share, up from $1.91.

Lasmo seeks to reduce debts via rights issue

By Tim Burt in London

Lasmo, the loss-making UK oil exploration and production company, yesterday announced a £219m rights issue to reduce its £794m ($1.2bn) debt and fund low-cost oil and gas fields.

The company, regarded as the most vulnerable in the UK exploration and production sector to low oil prices, said the proceeds would cut gearing to 30 per cent from 75 per cent and enable it to develop fields in Liverpool Bay, the North Sea and Pakistan.

Mr Joe Darby, chief executive, predicted that exploration funded by the issue – on a 2-for-7 basis at 105p a share – would help lift oil and gas production by 25 per cent, to 210,000 barrels a day by the late 1990s.

Although Lasmo had strong operating cashflow, he said its cost base rendered it unprofitable at current oil prices.

Prices of $13-$14 a barrel last year led to losses attributable to shareholders, before exceptional charges, of £59m.

Although the company has sold assets worth more than £1bn in the past two years, Mr Darby said further large disposals were unlikely. Instead, he signalled a strategy dominated by cost-cutting and restructuring. Such moves have already seen an 18 per cent cut in unit operating costs, to £4.10 a barrel, and a 20 per cent cut in staff to 327.

The change of emphasis follows a boardroom clear-out, which began last February with the removal of Mr Chris Greentree as chief executive. Mr Michael Pavia, finance director, resigned late last year and Lord Rees, non-executive chairman, is due to stand down next month.

"We're no longer driven by volume and production but by the need to improve our financial performance," Mr Darby said. His stance was echoed by Mr Norman Davidson Kelly, director for corporate development, who added: "We had a structure of management which was inadequate in a low oil price environment."

Lex, Page 16

Taking Japan out of Nomura International

The broker is quietly restructuring its European arm to serve clients better and shift the power away from Tokyo, writes **John Gapper**

The change may be largely invisible to the outside world, but its significance is enormous to an insider. Nomura International is becoming less like the European arm of the largest Japanese broking house and more like the US and European investment banks that it wants to emulate.

Reforms which came into effect this month are an attempt to turn the face of Nomura International away from Tokyo and towards London. However, the changes also imply a belated recognition that the institutional customers Nomura serves in Europe are different from its Japanese retail investors.

"In the past, we played by Japanese rules. Now we have got to play by international ones," says Mr Koichi Kane, Nomura International's chairman. Mr Kane has masterminded a shift in the firm's strategy to place its 16 European offices firmly under the guidance of its London headquarters.

On the face of it, this is a straightforward management reform which emphasises functional reporting lines – such as those from bond salesmen in Zurich to the heads of the fixed-income business in London – and reduces the control exercised by regional directors in Zurich and elsewhere.

Yet it signifies a big step in the development of Japanese securities houses, which have traditionally modelled their overseas businesses on those in Japan.

Offices in London, Zurich or Madrid have traditionally had a single purpose: to distribute products from Japan to European investors.

This meant that Nomura International operated less as a single entity than as a collection of 16 offices reporting to Tokyo. "We wanted the European offices to look to London as their big brother, but they did not think that way," says Mr Kane.

The need to run the business more from London was prompted by the bursting of the Japanese "bubble" economy in 1989, which affected Nomura's mix of business in Europe. Until then, when interest in Japanese equities and bonds flagged, it had largely sold Japanese financial products.

This forced it to compete directly with US and European securities houses to sell European products, in which it had some disadvantages. Nomura had to build up its expertise in selling equities, bonds and complex hybrids, and re-think its sales strategy.

Nomura in Japan is primarily a retail operation which sells to a mass of individual customers rather than the institutional funds that dominate the European market. This means it has relied on what Mr Kane calls "a strong army of sales people" to distribute its mix of products through the branches.

To compete in Europe, it had to offer sophisticated research in equities, and gear itself to offer complex products such as warrants and derivatives. These must be sold to funds, which are more influenced by the returns on products than whether the salesman is locally-based.

This drove Mr Kane to the conclusion a year ago that Nomura would have to change to reflect the shift in business. Sales people in different European countries would have to be members of teams run from London, rather than being controlled primarily by heads of businesses in Switzerland or France.

Instead of changing the structure immediately, he decided to phase it in over a year, with the full switch taking place at the start of April. "Rather than bringing things in quickly and finding problems later, we had a long pretending period to make sure it worked smoothly," he says.

One problem was to persuade those in European offices to accept the authority of newly-appointed divisional heads in London. "Some people were very distressed at having to report for the first time to heads in London. They thought there had been an invasion," says Mr Kane.

A second difficulty was to get the heads of European offices to change their roles. "The president of Nomura France is still there, but his role is dramatically changed," says Mr Kane. He says that such country heads must now concentrate on administration and playing an "ambassadorial" role.

However, Mr Kane says the shift has brought an immediate improvement for some of those based in smaller European offices: notably sales people who were previously isolated. "Some felt they had been left alone too much before, and they have been made members of a larger group," he says.

Prospects have also improved for senior European nationals in smaller offices, whose promotion chances were limited under the previous structure because the highest local grade was as country manager, and this role was, in effect, reserved for a Japanese expatriate.

"Even if the top European kicked out his Japanese boss, he would still only be in charge of 25 people," says Mr Kane. He says that by breaking national borders, the new structure allows easier promotion; he also believes that Europeans will increasingly dominate the new Nomura International.

Nomura's European reform could be taken further. At the moment, it operates in Europe through 10 legal entities subordinated to its Japanese parent company. It has stuck to this legal structure for tax and regulatory reasons, which means its debt must be guaranteed by Nomura Securities.

Koichi Kane: "In the past we played by Japanese rules"

Mr Kane believes it could eventually form a separate European holding company with its own capital base. He also believes that the reforms undertaken in Europe could form a model for other businesses outside Japan, as Nomura develops a distinctive way of operating overseas.

It might be logical for a distinctively European business to be headed by a European, a point Mr Kane accepts. "I am, unfortunately, Japanese, but that has to change some time in the future," he says. When that happens, the inner change wrought at Nomura may become visible for outsiders.

Adidas upbeat despite sales fall

By Michael Lindemann in Bonn

Adidas, the German sportswear producer, is confident that new products and changes in marketing strategy will boost results for the year.

"Adidas is in good shape and ready to go on the offensive to once again become the leading sportswear maker in the world," said Mr Robert Louis-Dreyfus, chief executive.

The company reported 1993 profits of DM9m ($5.3m), compared with a loss of DM149m last time. However, turnover was down 3 per cent, at DM2.63bn, and worldwide turnover including licensees was down 1 per cent at DM3.9bn.

Mr Jan Runau, a company spokesman, said turnover was no longer a priority. Adidas was putting more emphasis on the higher margins attainable by moving sportswear products up-market.

The company said it hoped to recover its former market position with several new products, including a football shoe called Predator.

Although Adidas's market share in Germany, its most important market, fell 1 per cent, to 33 per cent, Mr Runau said there were signs sales were picking up, following better results in the second half of 1993.

Nike, the American sportswear maker, is second in Germany with a 20 per cent market share.

Extensive restructuring at the formerly family-owned company, based outside Nuremberg, has seen the workforce fall 26 per cent to 5,096.

Liquidity problems force Turkey to close bank

By John Murray Brown in Istanbul

The Turkish government has closed the small Istanbul-based Turkish Tourism and Investment Bank (TYT), in the first bank failure for almost a decade. The move also represents the first casualty of the country's currency crisis.

The Treasury announced that banking activity and deposit-taking was suspended at TYT's eight branches. The bank had total assets of TL1,400bn ($41.3m) at the end of 1992, the most recent figure available.

Isbank, the semi-autonomous state bank, had been mandated to liquidate the balance sheet of the bank, with the government promising to pay out up to TL150m for each depositor from the state insurance scheme.

The collapse stems from liquidity problems at TYT's parent, Lapis Holding, a company better known for gold trading and tourism. Last July, Lapis agreed to pay $213m for Disbank, a trade finance bank.

PRELIMINARY ANNOUNCEMENT OF 1993 RESULTS

Year Ended 31st December 1993

FINANCIAL HIGHLIGHTS	1993	1992
TURNOVER, INCLUDING ASSOCIATES	£3,507.9m	£3,443.3m
PROFIT BEFORE INTEREST	£217.7m	£201.0m
PROFIT BEFORE TAXATION	£177.8m	£166.4m
EARNINGS PER SHARE	39.4p	31.2p

PROPOSED FINAL DIVIDEND OF 14.4p (1992 - 13.4p)
MAKING A TOTAL FOR THE YEAR OF 21.0p (1992 - 20.0p)
AN INCREASE OF 5% FOR THE YEAR

The 1993 Annual Report will be posted to shareholders on 29th April 1994. To reserve a copy, telephone 0932 568833.

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COMMERZBANK

NOTICE IS HEREBY GIVEN that this year's Annual General Meeting of Commerzbank AG will be held in Frankfurt am Main at the Jahrhunderthalle Hoechst, Pfaffenwiese on May 27, 1994, at 10.30 a.m.

AGENDA (abridged version)

1. To consider the Bank's established Annual Accounts, the Report of its Board of Managing Directors on the Bank's Performance, and the Report of its Supervisory Board, together with the Consolidated Annual Accounts and the Group Report, for the year ended December 31, 1993.
2. To resolve on the appropriation of the distributable profit.
3. To approve the actions of the Board of Managing Directors during the financial year 1993.
4. To approve the actions of the Supervisory Board during the financial year 1993.
5. To authorize the Board of Managing Directors to increase the Bank's share capital (authorized capital increase) and to amend its statutes accordingly.
6. To authorize the Board of Managing Directors to increase the Bank's share capital in order to issue new shares for the employees of Commerzbank (authorized capital increase) and to amend its statutes accordingly.
7. To resolve on the annulment of the authorization for the Board of Managing Directors to issue convertible bonds or bonds with warrants attached, or to issue profit-sharing certificates that may also carry conversion or option rights; and also to resolve on the amendment of section 4 (10) of the Bank's statutes (conditional capital increase).
8. To authorise the Board of Managing Directors to issue convertible bonds or bonds with warrants attached, or to issue profit-sharing certificates that may also carry conversion or option rights; and also to resolve on a conditional increase of the Bank's share capital and to amend its statutes accordingly.
9. To resolve on an authorization for the Bank to purchase its own shares.
10. To approve the affiliation agreement that the parent company, Commerzbank Aktiengesellschaft, has concluded with a wholly-owned subsidiary.
11. To appoint the Auditors for the financial year 1994.

Shareholders in the United Kingdom who wish to attend and vote at the Annual General Meeting should inform either the London Branch of Commerzbank AG at 23 Austin Friars, London EC2N 2EN, or S.G.Warburg & Co. Ltd., 2 Finsbury Avenue, London EC2M 2PA, who will make the necessary arrangements. Such notice should be given by May 19, 1994.

Copies of the German version of Commerzbank's 1993 Annual Report will be available shortly from both Commerzbank AG and S.G.Warburg & Co. Ltd. The English version is currently being prepared.

COMMERZBANK AKTIENGESELLSCHAFT

IMI S.p.A.

ISTITUTO MOBILIARE ITALIANO

ADDRESS: ROME, VIALE DELL'ARTE, 25
PAID-UP SHARE CAPITAL: LT 3,000,000,000,000 - RESERVES: LT 1,172,934,849,289

Inscribed in the Tribunal of Rome No. 10945/91
Parent Company of the IMI S.p.A. Banking Group
Tax Code No. 00448420588 - VAT No. 00896201001

The Ordinary and Extraordinary Parts of the Annual General Meeting of the Shareholders of Istituto Mobiliare Italiano S.p.A. is fixed, for the first call, for the day of Friday, 29 April 1994, at the hour of 11.00 am (and for the second call for the day of Wednesday, 4 May 1994, at the hour of 9.00 am) in Rome at the Auditorium of the Tecnica, Viale Umberto Tupini, 65 (EUR), to discuss and deliberate upon the following:

Agenda

ORDINARY PART

1. Approval of the Financial statements for the year ended December 31, 1993; the constitution of the Reserve for general banking risks. Presentation of the Reports of the Board of Directors and the Board of Statutory Auditors, and the consolidated Financial statements of the IMI Group at December 31, 1993. Resolutions related to the above.
2. Nomination of the members of the Board of Statutory Auditors and its Chairman and determination of their remuneration.
3. Determination of the number of the members of the Board of Directors and the possible nomination of Directors.

EXTRAORDINARY PART

1. Approval of the proposal to incorporate the subsidiary company Valmauri S.p.A. into IMI S.p.A., and the delegation of any powers necessary to carry out such act.

Shareholders desirous of participating in the Annual General Meeting must deposit their Ordinary Shares at least five (5) days before the date of the Meeting at the headquarters of IMI S.p.A. in Rome, Viale dell'Arte 25, or with one of the following designated institutions:

Banca Commerciale Italiana, Credito Italiano, Banca Nazionale del Lavoro, Cariplo, Istituto Bancario San Paolo di Torino, Monte dei Paschi di Siena, Banco di Napoli, Banca di Roma, Banca Cassa di Risparmio di Torino, Credito Romagnolo, Banca Fideuram, Monte Titoli (for the shares administered by it).

Board of Directors

GPA Investments B.V.

US$ 30,000,000
Guaranteed Floating Rate Notes due 1995

Guaranteed by
GPA Group plc

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from April 13, 1994 to October 13, 1994 the Notes will carry an Interest Rate of 4.825% per annum.

The Interest Amount payable on the relevant Interest Payment Date, October 13, 1994, will be US$ 2,452.71 per US$ 100,000 principal amount of Note.

The Agent Bank
Kredietbank Luxembourg

LONDON RECENT ISSUES

Newly issued shares appear for approximately two to six weeks in the London Recent Issues table. At the end of this period, a stock is normally moved to the appropriate category of the London Share Service if the company so requests.

In the full weekday editions of the FT, published on Tuesday to Friday mornings, the table appears on the half page of London Market Statistics that also includes the FT-Actuaries Fixed Interest Indices and London traded options prices.

On Saturdays it appears in the UK Company News page, and on Mondays on the Currencies, Money & Capital Markets page.

Marine Midland Finance N.V.

U.S. $125,000,000

Guaranteed Floating Rate Subordinated Notes due 1994

For the three months 13th April, 1994 to 13th July, 1994 the Notes will carry an interest rate of 5¼% per annum with a coupon amount of U.S. $13.27 per U.S. $1,000 Note and U.S. $132.71 per U.S. $10,000 Note. The relevant interest payment date will be 13th July, 1994.

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Caremark in low-cost drugs alliance

By Daniel Green

Three large pharmaceuticals companies have joined forces with Caremark International, a US drug distributor, in an alliance that is intended to offer lower cost drugs to buyers.

Caremark manages the pharmacy aspects of healthcare provided by corporate clients to their employees. Its customers include companies such as retail group Sears, oil company Amoco and United Airlines, and it is involved in the healthcare management of more than 12m people.

Caremark said yesterday it would name its pharmaceuticals industry partners only after all the contracts were signed, probably over the next two weeks.

But it did say which therapeutic areas it was interested in and that the three companies had total sales of $23bn. This limits the field to a handful of companies including Bristol Myers Squibb, Pfizer, Eli Lilly and Schering-Plough of the US and the UK's Glaxo.

The areas of healthcare were identified as being the most expensive to deal with for corporate clients and include heart disease, asthma, depression, diabetes and HIV/Aids.

The collaborative work will involve so-called outcomes analysis in which a financial comparisons are made between different treatment regimes.

The move is partly in response to the $6bn purchase last summer of drug distributor Medco by the US drugs company Merck. That deal was, in turn, a response to the increasing determination of healthcare providers - both hospitals and companies - to drive hard bargains with drugs companies.

Caremark is involved in several of these cost-cutting methods, called capitation, in which a company agrees to look after the health of a group of people on a per-head basis.

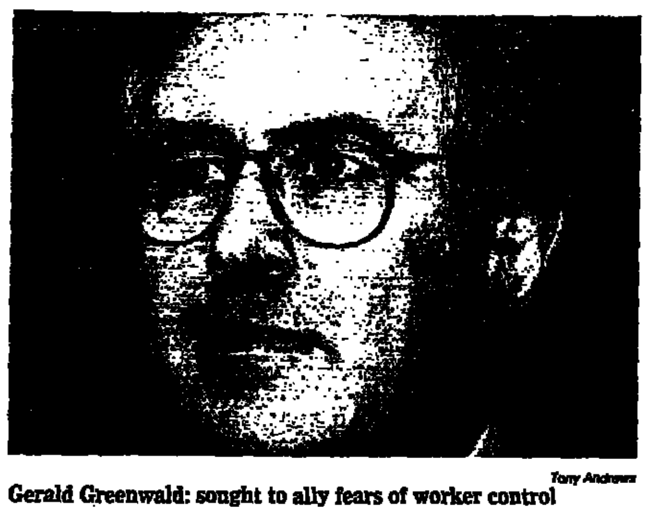
This involves having access to a variety of drugs to deal with a range of illnesses and means that a deal should involve as many different therapeutic areas as possible.

The company held talks with 11 pharmaceutical companies last summer just after the Merck-Medco deal. It said yesterday that it was still in talks with two further potential partners.

Caremark already distributes drugs made by US biotechnology company Genentech, the UK's Zeneca and Swiss drugs company Sandoz.

United Airline workers agree to pay cuts

By Richard Tomkins in New York



Tony Andrews

Gerald Greenwald: sought to ally fears of worker control

Employees of United Airlines, the world's biggest airline, have agreed to take pay-cuts of up to 23 per cent in return for shares that will give them a controlling stake in the company, it emerged yesterday.

They have also agreed to forgo wage increases for the next three years, take cuts in fringe benefits and accept changes to working practices that will together save the airline $5.2bn over the next 12 years, or $3.3bn in today's money.

In exchange, employees will get stock under an employee share ownership plan that will give them between 53 per cent and 63 per cent of United's shares, depending on how the share price performs over the next year.

The intended effect of the transaction – one of the biggest employee buy-outs – will be to achieve drastic cuts in United's costs and enable it to fight back against low-cost carriers such as Southwest Airlines, which have been driving down fares on short-haul routes in the US and grabbing market share.

Full details of the plan emerged as United Airlines filed its proposals with the Securities and Exchange Commission. The plan has already been agreed by labour unions and management but has yet to be approved by shareholders, who will vote on it in about two months.

The prospectus shows that the biggest pay cuts will fall on pilots. All have agreed to take a cut in hourly pay rates of 15.7 per cent, and those working for a new low-cost operation that will take over United's short-haul flights will take a further reduction of 7.1 per cent.

Maintenance crew and other blue-collar workers have agreed to a pay cut of 9.7 per cent and will also lose the 5 per cent rise they were due to receive next month.

Like the pilots, they have also agreed to forgo pay rises for three years except on promotion, and will not get any "snap-back" to previous pay levels when the pay freeze ends.

On top of the $3.3bn resulting from pay cuts and other benefit reductions, United expects to make other savings as a result of its decision to set up a low-cost, short-haul airline-within-an-airline dubbed "U2" – for example, through more intensive use of its employees and assets. The total of all savings over the next 12 years is estimated at $4.9bn in today's money.

United believes this will enable it to lower operating costs per available seat mile on short-haul routes by 30 per cent to 7.4 cents – only slightly above Southwest's 7.2 cents – while continuing to offer frills, such as assigned seating and first-class accommodation.

In a presentation to analysts yesterday, Mr Gerald Greenwald, the former Chrysler vice-chairman chosen by United's unions to replace Mr Stephen Wolf as chairman and chief executive, sought to allay concerns in the investment community that the airline would be subject to worker control.

He said the unions would nominate two of the board's 12 members and have a say in the selection of four other independent directors. "But the company must be managed in a professional manner, and management is clearly not a role that they seek."

Mr Greenwald said the unions would, however, have the power of veto over asset disposals worth more than $1bn, over the selection of "inappropriate or inexperienced" board members, and over big mergers or non-airline acquisitions.

United's existing shareholders will get a basket of $25.80 in cash, $31.10 in debentures and $31.10 in preferred stock for every share they hold, together with half a share in the recapitalised company.

The existing shares were $1\frac{1}{2}$ down at $126\frac{1}{4}$ in early trading.

Advance of 25% at Fleet Financial

By Martin Dickson in New York

Fleet Financial, the largest banking group in New England, which recently announced a large cost-cutting programme, yesterday reported a 25 per cent increase in first quarter net income.

The group, rumoured to be in preliminary merger talks with Bank of New York, reported net income of $133.1m, or 80 cents a share, compared with $106.3m, or 66 cents, in the same period last year.

However, the figures were towards the bottom of analysts' expectations, which ranged as high as 90 cents a share, and Fleet shares dipped $1 to $38\frac{3}{8}$ in early trading.

The results included an additional pre-tax restructuring charge of $25m for the cost-cutting programme, which involves staff cuts of 5,500 and is designed to increase pre-tax earnings by $350m a year. The group recorded a $7.4m after-tax gain on the sale of a factoring business.

Mr Terrence Murray, chairman, said the bank was experiencing "both strong earnings and significant reductions in asset quality costs. We expect to sustain these encouraging trends if the economy continues to improve, particularly in the north-east."

Fleet's return on assets was 1.14 per cent, compared with 0.96 per cent, and its return on equalised equity was 16.08 per cent, up from 15.24 per cent.

The improved ratios were helped by a sharp fall in non-performing assets, which totalled $609m at the end of the quarter, down 35 per cent from 12 months earlier. Net write-offs were 60 per cent lower, at $32m, and the provision for credit losses was $22m, down from $85m.

Fleet's net interest margin dipped 25 basis points, from 5.03 per cent to 4.78 per cent, compared with the previous year, due to the Federal Reserve's tightening of monetary policy, and net interest income fell $9m to $504m. Non interest income totalled $299m, down from $310m.

● IBCA, the European ratings agency, yesterday raised its long and short term ratings for three New York money centre banks, Citicorp, Chase Manhattan and Chemical Banking, citing the improving performance and prospects for the trio.

Hilton Hotels slips 14% in first quarter

Hilton Hotels saw its first quarter net income fall 14 per cent to $22.7m, or 47 cents a share. However the US group's hotel operations put in a strong performance.

Group revenues rose 2 per cent to $338.8m from $331.6m a year ago.

The hotel side, continuing the recovery that began in the second half of 1993 and reflecting improved results at many of its leading-market properties, posted operating income of $20.7m, a 62 per cent improvement.

Several Hilton flagship hotels, including the Waldorf-Astoria, New York Hilton and Towers, New Orleans Hilton Riverside, Hilton Hawaiian Village and San Francisco Hilton and Towers reported stronger results.

While occupancy was flat at 66 per cent, compared with last year operating results benefited from an overall increase of 4 per cent in average room rate and a 5 per cent rise in revenue per available room.

Hilton said a 20 per cent decline in operating income from gaming – to $38.6m from $48.3m a year ago – was attributable primarily to unusually high table game win percentages in the 1993 quarter at the Las Vegas Hilton.

The 1994 quarter was also hit by construction work at the Flamingo Hilton Las Vegas.

Finmeccanica unit in US deal

By Andrew Hill in Milan

Elsag Bailey Process Automation, a subsidiary of Finmeccanica, the Italian state-controlled engineering group, is to buy Fischer & Porter, a US manufacturer of measurement and control products, for $158m, after outbidding one of Fischer's competitors.

Elsag Bailey Process Automation, which makes process automation and numerical control equipment, yesterday announced an offer of $24.25 for each Fischer & Porter share. The bid has been accepted by Fischer & Porter.

It is the first important deal for the Finmeccanica subsidiary since 40 per cent of its shares were floated on the New York stock exchange last December.

The Elsag Bailey offer beats, by $1 a share, the bid tabled last month by Moorco International, a Houston-based maker of fluid measurement and pressure-control products, which valued Fischer & Porter at about $150m.

Finmeccanica, based in Rome, explained that the deal would add control system components – particularly in flow measurement – to the central systems which Elsag Bailey already manufactures, and increase the geographical spread of its products, notably in Germany.

Finmeccanica said this would allow the subsidiary to rationalise its production, distribution and administrative structure.

In 1993, Fischer & Porter reported net profits of $1.1m on turnover of $222m.

Elsag Bailey Process Automation, assisted in the deal by a consortium of US banks, recorded net profits of $21.6m on revenue of $606m for 1993.

Heineken to step up Asia investment

By Ronald van de Krol in Amsterdam

Heineken, the Dutch brewer, plans to take advantage of the swift growth of beer markets in Asia with an "aggressive" programme of investment in the region.

Asia Pacific Breweries (APB), the company's Singapore-based joint venture with Fraser & Neave, expects to spend Fl 800m ($417m) on Asian investments over the next five years. This is nearly four times the Fl 220m invested over the past five years.

Mr Karel Vuursteen, Heineken chairman, said Asian beer markets were growing at spectacular rates, with China showing a 20 per cent increase last year.

He said the company was planning three or four new brewery projects in China over the next two years. APB, Heineken's investment vehicle for Asia, already owns parts of breweries in Shanghai and Fuzhou. In recent years, it has also been active in Vietnam and Thailand.

In 1993, Heineken's strong growth in Asia and in the US made up for a downturn on European beer markets, which still account for 75 per cent of group turnover. Last month, Heineken, the world's second-largest brewer, reported a 12 per cent increase in 1993 net profit before extraordinary items, to Fl 519m.

Figures contained in the annual report, released yesterday, showed an 0.8 per cent fall in Dutch sales and a 2 per cent drop in European sales last year. These declines were more than outweighed by a 5.3 per cent rise in the western hemisphere, and a sharp 23.7 per cent gain in Asia/Australia.

Mr Vuursteen said Heineken had recently reached a "satisfactory" arrangement with Vereenigde Glasfabrieken, a bottle manufacturer which supplied Heineken with flawed bottles that had to be recalled in August.

BCE warns of loss at Nortel

BCE of Canada has warned that Northern Telecom is likely to record an operating loss for the 1994 first quarter, AP-DJ reports.

For Northern Telecom, 52 per cent owned by BCE, "the effect of pricing pressures, product mix, and traditionally lower first-quarter volume is expected to have a significant impact on gross profit and will likely generate an operating loss in the first quarter of 1994," BCE says in its annual report.

"The annualised effect of improvements in the cost structure and volume growth from a strengthened portfolio of products is expected to become evident in the second half of the year."

BCE says its Bell Canada unit's earnings target for 1994 "is at the low end of the 11 per cent to 12 per cent range of regulated rate of return" set by Canadian authorities.

St Barbara finds a philosophy that pays off

The Australian gold producer is expanding production fast, writes Kenneth Gooding

Mr Alan Birchmore, once one of the key figures in Mr Alan Bond's corporation, had a dream of building a London-based mining finance house. That dream has faded. Instead he is concentrating his entire attention on St Barbara Mines, a fast-growing gold producer in his native Australia.

Now 55, Mr Birchmore severed his links with the Bond Corporation before it imploded. He quit when Bond International Gold was sold to Lac Minerals of Canada in 1989. He judged then that London, still the mining finance capital of the world, needed a new mining finance house following the disappearance, via acquisition, of such groups as Selection Trust and Consolidated Gold Fields.

His timing could not have been worse. London institutional investors had watched the value of their investments in a number of small mining companies launched in the 1980s dwindle away. And the gold price was on a seemingly never-ending bear track.

Mr Birchmore says it took him about a year to realise that "the mining finance house idea was not feasible and that, instead, I had to focus on one place".

That one place is a 500,000-acre holding in the Murchison region of the Western Australian gold fields. This area, not far from the town of Meekatharra, is where St Barbara Mines is concentrating its activities.

Mr Birchmore is chairman of St Barbara which was established by Mr Ross Atkins, a gold exploration expert who called Mr Birchmore in to sort out his group's tangled finances.

Between them Mr Birchmore and Mr Atkins own 58 per cent of St Barbara via their 100-per-cent-owned Bengal Star company. The next biggest group of shareholders, with 8 per cent, are based in North America and are clients of Mr Dick Pomboy, a Greenwich, Connecticut, money manager and enthusiastic gold bug.

St Barbara stands apart from most other Australian gold companies in that it owns all its equipment rather than relying on contractors to do the work.

Mr Birchmore says: "This is an exploration-driven company – we will spend A$6m (US$4.2m) this year – and having our own equipment means the lowest possible costs." That looks a clever policy at present because the Western Australian gold rush has tied up every drilling rig.

St Barbara owns eight drilling rigs, each with its own driller, field assistant and geologist, plus its own assay laboratory with the capacity to handle up to 1,500 samples a day.

Mr Birchmore says: "All the drills, all the geologists are in the same area, within 150km of our Bluebird plant, working 10 hours a day. And when you are drilling on gold fields all the time you are going to get gold."

That philosophy seems to be paying off. Costs of finding gold are well below the industry average – only A$13.12 an ounce for the 166,160 ounces of proven reserves added in the second half of 1993.

And at the end of March St Barbara reported spectacular results from drilling on its prospect at Cuddingwarra, near Cue, which sent its share price rocketing.

St Barbara said: "The results from Cuddingwarra during the 1994 drilling programme have been robust, in terms of width and grade, indicating the presence of mineable ore in considerable volumes and at a substantial grade [quantity of gold per tonne of ore]."

Drilling at Cuddingwarra was initially aimed at finding additional ore to feed St Barbara's Bluebird mill near Meekatharra but, if the tonnages make it worthwhile, St Barbara would consider a stand-alone operation.

The company is on track to produce at least 120,000 troy ounces of gold in the financial year to end-June, making it a large producer by Australian standards.

The Bluebird plant was recently expanded at a cost of A$8m and, after initial troubles, output is running at an annual rate of 150,000 ounces.

Reserves at the end of 1993 totalled 1.13m ounces, enough for a mine life of seven and a half years.

OKG AKTIEBOLAG

– a Sydkraft Company

(the "Company")

(formerly Oskarshamnsverkets Kraftgrupp Aktiebolag)
(incorporated in Sweden with limited liability)

NOTICE OF A MEETING

of the holders of those of the

U.S. $50,000,000

Retractable Bonds due 1997

of the Company presently outstanding
(namely U.S. $941,000)
(the "Bondholders" and the "Bonds" respectively)

NOTICE IS HEREBY GIVEN that a Meeting of the Bondholders convened by the Company will be held at the offices of Hambros Bank Limited, 41 Tower Hill, London EC3N 4HA on Wednesday, 11th May, 1994 at 10.00 a.m. (London time) for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed dated 1st December, 1981 (the "Trust Deed") made between the Company and The Law Debenture Corporation p.l.c. (the "Trustee") as trustee for the Bondholders and constituting the Bonds.

EXTRAORDINARY RESOLUTION

THAT this Meeting of the holders of those of the U.S. $50,000,000 Retractable Bonds due 1997 of OKG Aktiebolag presently outstanding (the "Bonds" and the "Company" respectively) constituted by the Trust Deed dated 1st December, 1981 (the "Trust Deed") made between the Company and The Law Debenture Corporation p.l.c. (the "Trustee") as trustee for the holders of the Bonds (the "Bondholders"), in accordance with paragraph 18 of the Third Schedule to the Trust Deed and by virtue of all other powers conferred on a Meeting of the Bondholders, hereby:

(A) assents to the following modification of the provisions contained in the Trust Deed proposed by the Company, namely the deletion of sub-paragraph (I) of paragraph 18 of the Third Schedule to the Trust Deed and the substitution therefor of the following new sub-paragraph:

"(I) Power to sanction any scheme or proposal for the exchange or sale of the Bonds for, or the conversion of the Bonds into, or the cancellation of the Bonds in consideration of, bonds, notes, shares, stocks, debentures, debenture stock and/or other obligations and/or securities of the Company or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such bonds, notes, shares, stocks, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.",

to the intent that such modification to the Trust Deed shall have immediate effect without further formality; and

(B) (1) sanctions the compulsory sale to the Company on the date (the "Relevant Date") which is the seventh day after the date on which this Resolution is passed of all of the Bonds in consideration of the payment by the Company to the Bondholders of:

(a) U.S.$1,000 in cash for each Bond of U.S.$1,000 principal amount; and

(b) interest at the rate of 5.80 per cent. per annum on each Bond accrued from (and including) 1st December, 1993 up to (but excluding) the Relevant Date,

and the implementation of such compulsory sale, all as more particularly described in the Notice of Meeting of the Bondholders dated 14th April, 1994 (a copy of which has been produced to this Meeting and initialled by the Chairman hereof for the purposes of identification);

(2) sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Bondholders and the holders of the Coupons appertaining to the Bonds against the Company involved in or resulting from the implementation of the compulsory sale referred to in paragraph (B)(1) of this Resolution; and

(3) authorises and requests the Trustee to concur in the implementation of the compulsory sale referred to in paragraph (B)(1) of this Resolution and to do all such acts, deeds and things as may, in the opinion of the Trustee, be required to give effect thereto.

The Company wishes to purchase the Bonds, and to be assured that none of the Bonds will remain outstanding following such purchase, because (a) the costs to the Company of servicing the issue, having regard to the small percentage of the Bonds originally issued which remains outstanding, have become disproportionately expensive for the Company and (b) certain provisions of the Bonds which were appropriate at the time of their issue are no longer (in the view of the Company) appropriate to the Company.

The purpose of the Extraordinary Resolution set out above is to permit and sanction the implementation of the proposed compulsory sale.

Payment of the consideration under the proposed compulsory sale will, if it is sanctioned, be made against surrender of Bonds together with all Coupons which are unmatured at the Relevant Date (as defined in paragraph (B1) of the Extraordinary Resolution) at any specified office of any of the Paying Agents listed below. If any Bond is surrendered without all such unmatured Coupons, the amount of any such missing unmatured Coupon will be deducted from the amount due for payment. Each amount so deducted will be paid against surrender of the relative missing Coupon at any time following such deduction but before the expiry of the period of five years from the date on which the Coupon would have become due.

All such payments will be made in U.S. dollars at the specified office of the Paying Agent in New York City or, at the option of the holder, at any specified office of any Paying Agent by U.S. dollar cheque drawn on, or transfer to a U.S. dollar account maintained by the payee with, a bank in New York City, subject in all cases to any fiscal or other laws and regulations applicable thereto but, in the case of interest, without prejudice to the provisions described in Condition 6 of the Terms and Conditions of the Bonds. Bondholders should be aware that there may be adverse tax consequences in the event that Bonds or Coupons are presented at the specified office of the Paying Agent in New York City. The interest rate of 5.80 per cent. per annum referred to in the Extraordinary Resolution is that accruing on the Bonds pursuant to Condition 3 from 1st December, 1993 throughout the remaining life of the Bonds.

On and after the Relevant Date, the Bonds shall cease to be of value for any purpose other than for the purpose of surrender for payment as referred to above and shall cease to be valid for such purpose and shall become void unless so surrendered within the period of 10 years from the Relevant Date.

The Company and its financial advisers, Hambros Bank Limited, consider that the proposed compulsory sale is fair and offers reasonable value in the circumstances and, accordingly, the Company recommends all Bondholders to vote in favour of the Extraordinary Resolution.

The attention of Bondholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Trust Deed (including the Terms and Conditions of the Bonds) will be available for inspection by Bondholders at the specified offices of the Paying Agents set out below.

In accordance with normal practice, the Trustee expresses no opinion on the merits of the proposed compulsory sale but has authorised it to be stated that, on the basis of the information set out herein, it has no objection to the Extraordinary Resolution being submitted to the Bondholders for their consideration.

VOTING AND QUORUM

1. A Bondholder wishing to attend and vote at the Meeting in person must produce at the Meeting either the Bond(s), or a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Bond(s), in respect of which he wishes to vote.

A Bondholder not wishing to attend and vote at the Meeting in person may either deliver his Bond(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified offices of the Paying Agents set out below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.

Bonds may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by Cedel S.A. or Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System or any other person approved by such Paying Agent, for the purpose of obtaining voting certificates or, until the time being 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjourned such Meeting), but not thereafter, giving voting instructions in respect of the relative Meeting. Any Bond(s) so deposited or held will be released at the conclusion of the Meeting (or, if applicable, any adjourned such Meeting) or upon surrender of the voting certificate(s) or, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is convened, the voting instruction receipt(s) issued in respect thereof.

2. The quorum required at the Meeting is two or more persons present holding Bonds or voting certificates or being proxies and holding or representing in the aggregate a majority in principal amount of the Bonds for the time being outstanding. If a quorum is not present at the Meeting, the Meeting will be adjourned and the Extraordinary Resolution will be considered at an adjourned Meeting (notice of which will be given to the Bondholders). The quorum at such an adjourned Meeting will be two or more persons present holding Bonds or voting certificates or being proxies whatever the principal amount of the Bonds so held or represented by them.

3. Every question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Meeting, the Company or by two or more persons present holding Bonds or voting certificates or being proxies and holding or representing in the aggregate not less than one-fiftieth part of the principal amount of the Bonds then outstanding. On a show of hands every person who is present in person and produces a Bond or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall have one vote in respect of each Bond so produced or represented by the voting certificate so produced or in respect of which he is a proxy.

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the votes cast. If passed, the Extraordinary Resolution will be binding upon all the Bondholders, whether or not present at the Meeting and whether or not voting, and upon all holders of Coupons appertaining to the Bonds.

PRINCIPAL PAYING AGENT

Hambros Bank Limited
41 Tower Hill
London EC3N 4HA

OTHER PAYING AGENTS

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
L-2955 Luxembourg

Manufacturers and Traders Trust Co.
654 Madison Avenue
New York N.Y. 10021

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
B-1040 Brussels

This Notice is given by:
OKG AKTIEBOLAG
S-572 83 Figeholm
Sweden

and approved by:
Hambros Bank Limited
41 Tower Hill
London EC3N 4HA
Member of SFA

14th April, 1994

Procter may sue Bankers Trust over swaps losses

By Patrick Harverson in New York

Procter & Gamble, the US consumer products group, has raised the possibility that it will take legal action against Bankers Trust over losses it incurred on interest rate swaps contracts designed by the banking group. P&G said it has been forced to take an after-tax charge of $102m in the first quarter to cover the losses.

The company said that although it has been using derivatives instruments such as swaps to cut the cost of its borrowing and manage its exposure to interest rate and foreign exchange for years, the losses were incurred on two highly leveraged swaps contracts that were inconsistent with the company's internal policy on the use of derivatives.

P&G said it lost money on the swaps because of the recent sharp rise in interest rates. Mr Edwin Artzt, P&G chairman and chief executive, said: "Unlike the other swaps the company has historically used, it turned out that the two leveraged swaps in question were based on highly complex formulas that multiplied the effect of interest rate increases. Derivatives like these are dangerous and we were badly burned. We won't let this happen again."

Mr Artzt said that P&G was "seriously considering our legal options relative to Bankers Trust". The company, however, would not discuss whether it was considering filing a lawsuit against the bank.

Bankers Trust said that while it had entered into a number of derivatives transactions with P&G, some of which were profitable, when market interest rates began to affect the company's position adversely on some of the contracts, the bank "strongly and formally recommended that Procter & Gamble limit its risks by unwinding all or part of the transactions". However, Bankers Trust said senior officials at P&G rejected its recommendations.

The two contracts that soured were designed to allow P&G to swap fixed interest rate loans for floating interest rate loans, and assumed that US and German interest rates would stay low.

P&G would not comment on whether any of its executives involved in the derivatives transactions had been disciplined for buying swaps from Bankers Trust that breached its internal policies, but the company admitted that some of its officers had become involved in transactions they did not fully understand.

The group said that its first quarter earnings, to be released later this month, will show a gain of about 15 per cent, in spite of the swaps-related charge.

First credit rating for UK pension scheme

By Antonia Sharpe

The Electricity Supply Pension Scheme (ESPS), the second-largest pension scheme in the UK, has become the first one outside the US to obtain credit ratings from Standard & Poor's and Moody's, the two leading international ratings agencies.

According to Goldman Sachs, the US investment bank which guided ESPS through the rating process, S&P has assigned an implied triple-A rating to the senior debt obligations of ESPS while commercial paper (CP) guaranteed by the scheme has been rated A-1 plus by S&P and P-1 by Moody's.

With assets valued at more than £13bn ($19bn), ESPS provides the principal pension arrangements for the 12 regional electricity companies in England and Wales, the National Grid Company, National Power, National Electric and PowerGen as well as two electrical retailers, Hornepower and Powerhouse.

Mr Brian Matthews, finance director of ESN Pension Management Group, said the rating would allow the scheme to achieve fine financing terms.

The rating would also provide the scheme with greater access to the derivatives market and would be a useful marketing tool when pitching for pension fund management business outside the electricity industry.

Mr Matthews noted that the CP rating enabled the scheme's US investment property company, Eastern Realty Investment Corporation, to raise $105m in the US CP market last month at an average interest rate of less than 3½ per cent.

This financing route provided two advantages to the scheme, he said. First, it was tax-efficient because the scheme did not have tax-exempt status in the US.

Second, if the scheme had lent the funds to the US subsidiary, it would have had to give up a return which was much higher than the interest rate which the US company was paying.

Japanese unit behind Alcan loss

By Robert Gibbens in Montreal

Alcan Aluminium of Canada posted a loss in its first quarter, in spite of strengths in fabricated products in North America and Canada.

Weak prices and heavier losses at its Japanese associate were the main reasons for the loss, but "if recent increases in metal prices are sustained, we should see gradual improvement in our results," said Mr Jacques Bougie, president.

Alcan's consolidated net loss for the March quarter was US$25m, or 13 cents a share, against a loss of $20m, or 11 cents, a year earlier.

The 1994 period included an $11m after-tax restructuring charge, offset by an $11m special gain. The 1993 period included $6m restructuring charges.

Sales and other revenues rose 3 per cent to $1.8bn. Sales and operating expenses rose slightly, while administration, research and interest costs were lower.

More cost reductions were planned, said Mr Bougie. Several businesses not meeting strategic priorities have been put up for sale.

Spot ingot prices have risen nearly 20 per cent this year to around 60 cents a pound, from the late 1993 lows of about 49 cents, following international agreement on production cuts.

Including processing of customer-owned metal, shipments of fabricated products were up sharply at 442,000 tonnes.

Canadian operations returned to profit, but Brazil continued to be difficult. Europe showed signs of recovery with the UK, Germany and Switzerland profitable. Pacific operations were affected by the Japanese losses.

Alcoa pushes on with spaceframes

John Griffiths visits the latest car body plant at Soest, near Dortmund

Aluminum Company of America (Alcoa) expects to set up at least two more plants in Europe within the next five years to produce revolutionary aluminium "spaceframe" bodies for cars.

It is also prepared to spend $1bn or more on a partnership with any carmaker seeking to produce the first high-volume – 100,000 units or more a year – aluminium-bodied cars, according to Mr David Schlendorf, president of Alcoa's automotive structures division.

His remarks came as Alcoa yesterday formally opened its plant in Soest, which supplies the spaceframe bodies to Audi, the Volkswagen group's upmarket car division. Audi is to use this type of body in the A8 luxury model to be launched soon.

Alcoa has invested DM140m ($81m) in the plant, which employs 160 people and has the capacity to make 50,000 to 60,000 bodies a year.

Audi hopes to sell 20,000 A8 cars a year. It is expected to use up the remainder of Alcoa's Soest capacity with another niche car, to be produced in slightly higher volumes than the A8 as well as being cheaper, although Audi executives were giving no details of the project yesterday.

"Five years from now in Europe you'll be seeing at least 10 aluminium spaceframe-bodied niche cars, to be produced at a rate of up to 20,000 units a year, either in production or announced by a number of manufacturers," said Mr Schlendorf.

Claiming that the motor industry is making an "inevitable" progression to aluminium rather than steel bodies, because of its light weight, lower tooling costs and recyclability, Mr Schlendorf said that before the end of the decade Alcoa may have installed a satellite production system for aluminium bodies across Europe. It was likely to consist of one large components manufacturing site – possibly in Hungary or another low-cost eastern European country. This would produce the extrusions, castings and other individual parts of the body. "We'd then ship these to assembly plants we set up close to each carmaker," said Mr Schlendorf.

The low overheads and relatively simple tooling in spaceframe assembly means that "we can set up such assembly plants cheaply, and sufficiently quickly that we wouldn't even need to make an investment until a supply contract with an individual carmaker had actually been signed".

The A8, which has started production at Audi's Ingolstadt plant, is itself a landmark vehicle for the motor and aluminium industries in terms of both its construction and the volumes in which it is to be built. Honda produces an all-aluminium luxury sports car, the NSX, but uses conventional pressings procedures and currently makes only about 1,500 units a year.

While Audi and Volkswagen executives have indicated a belief that all their output will move to aluminium by relatively early in the next century, Alcoa expects that it will be in North America that the "breakthrough" car for the world aluminium industry, one produced in volumes of at least 100,000 units a year, will first appear.

Ford is already building and testing a fleet of 40 aluminium-bodied Mercury Sables. The next generation of the Ford Taurus, scheduled for delivery in North America late next year, is expected to use a substantial amount of sheet aluminium but is not itself expected to be the "breakthrough" car.

Ford is predicting that the use of aluminium by the motor industry will triple from the current 200lb per car within the next decade, not least because some significant obstacles to its more widespread use – particularly aluminium's historic price volatility – are now being overcome.

French take stake in US software group

By John Ridding in Paris and Louise Kehoe in San Francisco

France Telecom, the French state-owned telecommunications operator announced that it would take an equity stake in General Magic, the US communications software developer that is forming an international alliance of companies to offer products and services for personal messaging and information retrieval.

The French group is the first European telecommunications company to join the international technology development partnership.

Other members include Apple Computer, AT&T and Motorola of the US, Sony, Matsushita, NTT, Fujitsu, and Toshiba of Japan and Philips of the Netherlands. Philips is understood to have played a significant role in drawing France Telecom into the group.

France Telecom declined to specify the amount that it would invest in General Magic.

Winter Olympics help CBS lift income 28%

By Richard Tomkins in New York

A strong boost from its highly successful coverage of the Winter Olympics helped CBS, the US broadcasting group, report a 28 per cent increase in net income to $69.3m from $54.2m in its first quarter.

During the Olympics, the CBS Television Network had two weeks of the highest ratings it has yet recorded.

Largely as a result of this event, net sales for the group surged by 42 per cent to $1.25bn from the comparable quarter's $878.7m. CBS said that if the effect of the Olympics were excluded, sales would have been about 6 per cent ahead.

Earnings per share rose by 21 per cent to $4.23 from $3.50 last time.

The CBS Television Stations division was the biggest beneficiary of the Olympics coverage, with sales and profits ahead very strongly.

In addition, CBS said, the improving US economy had brought substantial strengthened demand for local advertising. Sales growth was particularly strong at WCBS-TV New York and WCIX-TV Miami.

Local and spot radio sales also benefited from more robust business conditions, and CBS Radio reported better operating results led by improved sales and earnings at the AM group of stations.

Mr Laurence Tisch, chairman and chief executive, said that the group's operating results continued to show steady improvement, reflecting the combined effect of a strong programming schedule, strengthened demand for advertising and active cost control.

He said that the CBS Television Network was heading towards "an exceptional triple crown" in winning the ratings in prime time, day time and late night television in the current season.

Seiyu joins HK group in China venture

Seiyu, a leading Japanese supermarket operator, and Hong Kong's Wing On group, plan to open a department store in Tianjin, China, before the end of this year, Saiyu said yesterday, AP-DJ reports from Tokyo.

Seiyu and Wing On will buy management rights to and rebuild an existing department store called Long Men Mansion Department Store in Tianjin which has floor space of 24,800 square metres.

Seiyu is planning to set uo a distribution centre in Tianjin to provide goods to an additional department store chain that it is thinking of launching in Beijing, Shanghai and coastal cities.

Seiyu, which operates supermarkets selling clothing and other non-food goods as well as groceries, is the nucleus of the Seibu Saison group in Japan, and has a stake in the Wing On department store chain.

Seiyu's announcement came on the day it reported a 26 per cent decline in group pre-tax profit for the fiscal year to end-February

In the latest year the company made a pre-tax profit of Y23.39bn ($226m) compared with Y31.69bn 12 months earlier. The net profit of Y7.30bn was 29 per cent lower than the Y10.34bn last time. Sales of Y1,306bn were down 5.2 per cent from Y1,377bn.

For the 12 months to February 1995, Seiyu is forecasting consolidated pre-tax profit of Y26bn – up 11 per cent on the latest results – and net profit 9.5 per cent ahead at Y8bn on sales 2.4 per higher at Y1,337bn.

Notice of Meeting of Holders of Bearer Participation Certificates

Notice is hereby given that a Meeting of Holders of Bearer Participation Certificates of Sandoz Ltd. will be held as follows:

Place	Auditorium 510 of SANDOZ LTD, Hüningerstrasse, CH-4002 Basle/Switzerland
Date and time	Wednesday, 4 May 1994, 4.00 p.m.

Agenda
The only item concerns the proposal to empower the Shareholders' Meeting of 5 May 1994 to authorize the conversion of Bearer Participation Certificates into Registered Shares.

Proposal of the Board of Directors
"That the Annual General Meeting of Shareholders be empowered to authorize the conversion of Bearer Participation Certificates into Registered Shares. Assuming such authorization by the Shareholders' Meeting of 5 May 1994, Bearer Participation Certificates will be converted without charge into Registered Shares (one Registered Share of Sfr. 100 par value for one Bearer Participation Certificate of Sfr. 100 par value), holders of which are assured of full recognition as voting Shareholders subject to the registration provisions of the Company set out in the Articles of Association."

Documents
The text of the Board's proposal regarding conversion of Bearer Participation Certificates into Registered Shares with explanatory information may be inspected at the Company's registered office from 14 April 1994 onwards. Copies will be sent to Bearer Participation Certificate holders on request.

Admission cards
Holders of Bearer Participation Certificates wishing to attend or to be represented at the Meeting may obtain admission cards from the Company cashier's office or from the bank at which their Bearer Participation Certificates are deposited. Bearer Participation Certificates not deposited with a bank must be deposited at the Company's registered office before an admission card can be issued to the holder.

Proxy
Holders of Bearer Participation Certificates not able to attend the Meeting are asked to appoint either another holder, their bank or the Company as their representative. An independent representative is available in the person of lic. iur. Peter Andreas Zahn, Attorney at Law, St. Jakobs-Str. 7, P.O. Box 2879, CH-4002 Basle.

Proxy holders of deposited Bearer Participation Certificates
As provided for by Article 689d of the Swiss Code of Obligations, proxy holders of deposited Bearer Participation Certificates are asked to notify the Company of the number of Bearer Participation Certificates concerned as early as possible, but not later than 4 May 1994 when presenting their card to gain admission to the Meeting. Recognized as proxy holders of deposited Bearer Participation Certificates are professional asset managers and institutions subject to the Swiss Federal Law of 8 November 1934 governing banks and savings banks.

Basle, 13 April 1994

SANDOZ LTD

For the Board of Directors
The Chairman

Dr. Marc Moret

SANDOZ

U.S. $200,000,000
Floating Rate Depositary Receipts Due 1997

issued by The Law Debenture Trust Corporation p.l.c. evidencing entitlement to payment of principal and interest on deposits in an aggregate principal amount of U.S. $200,000,000 with

CARIPLO
CARIPLO–
Cassa di Risparmio delle Provincie Lombarde S.p.A.
London Branch

In accordance with the provisions of the Depositary Receipts, notice is hereby given that the Rate of Interest for the six month period ending 13th October, 1994 has been fixed at 4.4375% per annum. The interest accruing for such six month period will be U.S. $225.57 per U.S. $10,000 Note and U.S. $2,255.73 per U.S. $100,000 Note against presentation of Coupon No. 5.

Union Bank of Switzerland
London Branch Agent Bank
11th April, 1994

CREDIT LOCAL DE FRANCE
USD 100,000,000.- FRN Due 1997

Noteholders are hereby informed that the rate for the eighth period of interest has been fixed at 4.25 %.

The coupon N° 8 will be payable at the price of USD 2,160.42 per USD 100,000.- Note on October 12th, 1994 representing 183 days of interest, covering the period from April 12th, 1994 to October 11th, 1994 inclusive.

The Agent Bank and Principal Paying Agent

CREDIT LYONNAIS

ALTHEIMER & GRAY

Announces The Opening Of An Office In Southern Europe In

ISTANBUL, TURKEY

Our office will undertake matters including the following:

Privatizations and Acquisitions
Joint Ventures and Foreign Investment
Governmental Affairs
Real Estate Development
Architecture, Engineering and Construction
Banking and Finance
Licensing and Distribution
Insurance
Telecommunications
Securities
Taxation and Customs

10 South Wacker Drive
Chicago, Illinois 60606
Tel: (312) 715-4000
Fax: (312) 715-4800

Teşvikiye Cad. 107
Teşvikiye Palas 7
Teşvikiye 80200 Istanbul
Turkey
Tel: (90 212) 227-6750
Fax: (90 212) 227-6759

Warsaw Prague Kiev Bratislava

April, 1994

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081-944 0111

The RTZ Corporation PLC
NOTICE OF MEETING

Annual General Meeting
Notice is hereby given that the thirty-second annual general meeting of The RTZ Corporation PLC will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1 on Wednesday 11 May 1994 at 11.00 am for the following purposes:

Special business
1. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution, namely:
That the Articles of Association contained in the printed document submitted to the meeting and signed for the purpose of identification by the Chairman be adopted, with effect from the close of the meeting, as the new Articles of Association of the Company in place of all existing Articles of Association of the Company.

Ordinary business
2. To re-elect directors.
3. To re-appoint auditors.
4. To consider the Company's accounts and the reports of the directors and auditors for the year ended 31 December 1993 and to declare a dividend on the Ordinary shares.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy, together with any power of attorney under which it is signed, should reach the transfer office of the Company, at 1 Redcliff Street, Bristol BS1 6NT, not less than 48 hours before the time appointed for holding the meeting.

By order of the Board
J S Bradley *Secretary*
6 St James's Square, London SW1Y 4LD
14 April 1994

Notes
1. Only holders of ordinary shares or of 'B' cumulative preference shares are entitled to attend and vote at the meeting.
2. A proxy may not speak at the meeting except with permission of the Chairman of the meeting.
3. A holder of a share warrant to bearer, who desires either to attend the meeting or to appoint one or more proxies to attend, and on a poll, vote instead of him, will receive a ticket of admission on depositing at the company's transfer office at 1 Redcliff Street, Bristol BS1 6NT, at least 48 hours before the meeting, a written request for the issue of the ticket (and, if desired, a form of proxy) together with either the share warrant or a certificate signed by a bank, a stockbroker or a solicitor within the UK, the Channel Islands or the Isle of Man stating that the share warrant is in the custody of such bank, stockbroker or solicitor and will be retained in such custody until after the close of the meeting. If the form of proxy is to be used, it must be completed and returned to the transfer office so as to be received at least 48 hours before the meeting.
4. A copy of the existing Articles of Association and a copy of the new Articles of Association proposed to be adopted at the meeting may be inspected at the registered office of the Company and at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA during usual business hours on weekdays (Saturdays and public holidays excepted) from the date of this notice until the close of the annual general meeting and at The Queen Elizabeth II Conference Centre for at least 15 minutes prior to and during the meeting.
5. Copies of directors' service contracts of more than one year's duration with the company or any of its subsidiaries will be available for inspection at the company's registered office during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until the close of the annual general meeting and at The Queen Elizabeth II Conference Centre for at least 15 minutes prior to and during the meeting.
6. Shareholders are reminded that cameras and tape-recorders are not allowed in the meeting hall.
7. Shareholders should note that the doors to the AGM will be open at 10.15 am.

Standard Chartered

Standard Chartered PLC
(Incorporated with limited liability in England)

US$400,000,000 Undated Primary Capital Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Determination period from 14th April 1994 to 16th May 1994 the Notes will carry interest at the rate of 4.50 per cent per annum.

Interest accrued to 16th May 1994 and payable on 12th July 1994 will amount to US$40.00 per US$10,000 Note and US$400.00 per US$100,000 Note.

West Merchant Bank Limited
Agent Bank

THE WARDLEY CHINA FUND LIMITED

Unaudited
NAV per share
as at 31st March 1994
US$10.73

PERUSAHAAN PERSEROAN (PERSERO)
P.T. BANK NEGARA INDONESIA,
HONG-KONG BRANCH

U.S.$ 151,500,000.-
Floating Rate Notes due 1997
Interest Rate: 5.375%
Interest Period: from 14th April, 1994 to 14th October, 1994
Interest payable per US$ 500,000 Notes = US$ 13,661.46

By Fuji Bank (Luxembourg) S.A.

The Financial Times plans to publish a Survey on
International Taxation
on Friday, May 20.

The survey will review the taxation system worldwide and examine the challenges it will face in 1994 and the implications for the international business community. The survey will reach an estimated international readership of 1 million.

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FT Surveys

NOTICE OF REDEMPTION
To Holders of US$67,000,000
Daiwa Overseas Finance Limited
10% Guaranteed Notes due 2000

Notice is hereby given that Daiwa Overseas Finance Limited (the "Company"), pursuant to the terms and conditions of the Guaranteed Notes and the Fiscal Agreement dated as of May 17, 1900, between the Company and Chemical Bank, (the "Fiscal and Paying Agent"), hereby gives notice of its election to redeem all of its 10% Guaranteed Notes. The date fixed for redemption shall be May 17, 1994, and the Notes will be redeemed at the principal amount.

After May 17, 1994, the Notes will cease to accrue interest. The Notes will be redeemed upon presentation and surrender together with all appurtenant coupons, if any, maturing on and after the date fixed for redemption at the principal office of the Fiscal Agent, Chemical Bank, in London or at the principal office of Chemical Bank in Frankfurt, Swiss Bank Corporation in Basle, Kredietbank in Brussels, Banque Internationale a Luxembourg in Luxembourg, Daiwa Bank Limited in London, Daiwa Bank Limited in Singapore and Daiwa Bank (Deutschland) GmbH in Frankfurt.

CHEMICAL
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Daiwa Overseas Finance Limited. Dated April 14th, 1994

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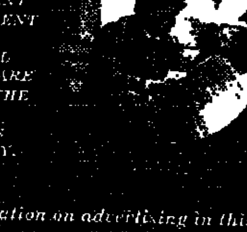

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INTERNATIONAL CAPITAL MARKETS

US sector cautious despite soft retail sales data

By Frank McGurty in New York and Sara Webb in London

US Treasury bonds rallied yesterday morning on a softer-than-expected reading on retail sales, but prices quickly eroded as dealers saw the improvement as an opportunity to reduce their inventories.

By midday, the benchmark 30-year government bond was ¼ easier at 88¼, with the yield creeping up to 7.215 per cent. At the short end, the two-year note was unchanged at 99¼, with the yield holding steady at 5.379 per cent.

The Commerce Department gave the market an early lift. It reported retail sales last month up 0.4 per cent, well below the consensus forecast of 1 per cent. But the news was insufficient to sweep aside a sense of caution. Prices could only sustain a modest move higher.

Consumer price data from the Labor Department matched expectations, and failed to provide support. The March CPI, with and without the volatile food and energy components, came in at 0.3 per cent. For the first quarter, prices rose at a tame annualised rate of 2.5 per cent, an improvement over the 2.7 per cent in the fourth quarter.

GOVERNMENT BONDS

But traders were less concerned with the CPI, which reflects current prices, than with Friday's data on industrial production and factory utilisation, which point to future inflationary trends. With many anticipating bad news, a flurry of selling by dealers and speculative accounts forced prices to retreat into negative territory by mid-morning.

■ The Bundesbank pared another three basis points off its repo rate yesterday, and left the European government bond markets speculating as to whether the German central bank would announce cuts in its key interest rates at today's council meeting.

Most European bond markets opened on a firm note but then drifted off in the course of the day on profit-taking.

In the German government bonds market, the Liffe bund futures contract opened at 97.29 and picked up to reach a high of 97.36 ahead of the repo announcement.

The Bundesbank accepted bids amounting to DM55.1bn in 13-day securities repurchase agreements at 5.70 per cent and above. But the market then drifted lower and reached a low of 96.87 before ending the day at 96.89.

The Bundesbank is due to hold a press conference today to release its results. Few analysts or dealers expect the central bank to lower its discount rate, although some feel there is a chance that the Lombard rate – now at 6.75 per cent – may receive a "cosmetic cut" of 25 to 50 basis points.

Given that recent economic data – including yesterday's German retail sales figures for February, which showed better than expected growth of 1 per cent from the previous month – have suggested that the German economy is showing signs of picking up, "the urgency to cut interest rates no longer exists," says Mr Kit Juckes, economist at S. G. Warburg Securities.

However, he pointed out that the Bundesbank's monthly report, released yesterday, suggested that the German bank is placing more emphasis on growth and inflation figures, while appearing to play down the M3 figures.

■ The release of minutes from the regular monthly meetings between the governor of the Bank of England and the chancellor of the exchequer provided the highlight of the day for UK government bonds, giving hope of a further cut in the base rate, dealers said.

The short sterling contract and short-dated gilts took heart from news that the chancellor had favoured a bigger cut in UK interest rates than the governor at the February meeting. The news raised hopes of a further base rate cut, provided inflation stays under control. But while the news provided a mild boost for the short end of the market, the rise proved quite short-lived.

The Liffe long gilt future contract fell from a high of 108.03 to a low of 107.06 before closing at 107.13.

■ Japanese government bonds staged a rally in the futures market shortly before the close after spending much of the day flat or slightly weaker.

Bond prices dipped on news that the Nikkei stock index had risen back above 20,000 for the first time in over a week. But dealers said a burst of short-covering in the futures market late in the session, which appeared to be one big player, pushed up prices. The June futures contract, which opened at 111.29, rallied to close at the high of 111.70.

More supervision of derivatives urged

By Laurie Morse in Chicago

Mr Henry Gonzalez, chairman of the US House of Representatives banking committee, yesterday introduced legislation that would give bank regulators broader powers to supervise banks' derivatives dealings.

The Gonzalez bill requires full disclosure of bank derivatives activities and would make improper management of derivatives or inadequate derivatives disclosure by banks a direct violation of law.

The proposed legislation applies only to banks, and would not affect derivatives dealings by securities firms, unsupervised derivatives dealing subsidiaries, or hedge funds. However, Mr Gonzalez said that if banks engage in fuller derivatives disclosure, "other market participants will be forced to follow because ratings agencies and other market participants will demand matching disclosure."

Regulation of this fast-growing sector of the financial markets has come under renewed scrutiny this year because of losses by hedge funds on swaps and other derivatives investments when bond prices tumbled in the first quarter.

Although bank regulators, including a committee of the Bank for International Settlement, have concluded that derivatives markets are well-organised and sufficiently supervised, Mr Gonzalez, in introducing his bill, said: "It is the role of Congress to ensure that the regulators have not erred in their assessment."

Mr Gonzalez's bill is the second of its kind introduced in the House this year. The first, offered by Mr James Leach of Iowa, is likely to be superseded by Mr Gonzalez's initiative.

In addition to enhancing bank regulators' powers to supervise bank derivatives activities, Mr Gonzalez's bill would require the General Accounting Office to study the extent to which banks speculate in the derivatives markets, and to look at the feasibility of imposing a transaction tax or margin requirements on such activities.

CBoT meets on Globex

By Laurie Morse

Directors of the Chicago Board of Trade are meeting today to discuss the exchange's future on Globex, the electronic futures trading system it developed with the Chicago Mercantile Exchange and Reuter.

However, despite a flurry of communications between the partners this month, CBoT, the world's busiest futures exchange, is preparing to leave Globex next week.

"Unless something changes, our Globex screens will go dark on April 22," said Mr David Prosperi of CBoT. That is when the current agreement between Reuter and the two Chicago exchanges expires.

With Reuter, the CME and the Matif endorsing a new Globex contract that would require CBoT to run its evening floor trading session side-by-side with computer trading, CBoT has few options.

If the CBoT board votes to remain with Globex by extending the terms of its existing contract, it will be overridden by either Reuter or the CME, which favour a new arrangement to attract other exchanges to the system. The CBoT is still disputing details of that arrangement, and is not obliged to endorse it.

Sweden uses flexible allotment for Ecu500m five-year deal

By Conner Middelmann

The Eurobond market saw a handful of new issues yesterday, but activity was slow as many participants remained sidelined ahead of today's Bundesbank council meeting.

Close on the heels of Tuesday's Ecu500m five-year deal for the EBRD, the Kingdom of Sweden issued Ecu400m of five-year bonds via joint leads Morgan Stanley and Swiss Bank Corporation.

The 6¼ per cent bonds were priced to yield 12 basis points over the French Ecu BTAN at the fixed re-offer price of 99.40. Although the bonds closed lower at 99.20 bid on a weaker BTAN, the spread held steady at 12 basis points.

Sweden's deal was allocated to the underwriting houses on a flexible allotment basis, with banks taking only as many bonds as they felt able to place. "Allotting bonds to demand allowed for very little flowback," said one of the lead managers.

Meanwhile, Rabobank Nederland piggy-backed Tuesday's successful AT&T Eurodollar deal with $250m of three-year bonds via SBC. The bonds yielded 20 basis points over the Treasury note at their 99.91 re-offer price, which was deemed fair by most market participants.

INTERNATIONAL BONDS

"Quite a few investors are looking for dollar exposure, and triple-A rated three-year 6 per cent paper sounds like a safe bet," said one dealer.

In the D-Mark sector, the German building materials company Heidelberger Zement Finance made its Eurobond debut with DM700m of 6⅜ per cent five-year bonds via joint lead Dresdner Bank. The unrated bonds were priced to yield 50 basis points over the corresponding domestic bond and traded around 99.55 bid in the afternoon, yielding 6.46 per cent. Strong demand from German, Swiss and Benelux investors helped the yield spread narrow to 48 basis points, a syndicate official said.

Elsewhere, Unilever returned to the Euroguilder sector with Fl 350m of 6½ per cent 10-year bonds via ABN Amro Bank. Paying 20 basis points over the Dutch government bond at the 99.60 re-offer price, the triple-A rated paper met healthy demand from institutional and retail investors, lifting the price to 99.65 bid and causing the spread to narrow to 16 basis points.

● Standard & Poor's has raised its ratings on Chase Manhattan Corporation's senior debt to single-A from single-A-minus, on its subordinated debt to single-A-minus from triple-B-plus, and on its preferred stock to triple-B-plus from triple-B. Chase Manhattan Corporation's and Chase Manhattan Bank of Canada's commercial paper ratings were raised to A-1 from A-2. About $5.7bn of debt is affected.

The upgrade reflects the success of the company's attack on its credit quality and capital needs by raising reserves, cutting costs and accessing the equity markets, the agency said.

IBCA, the European rating agency, raised its long-term and short-term ratings for Citicorp, Chase Manhattan Corporation and Chemical Banking Corporation. The holding companies of all three banks were accorded single-A long-term ratings, from single-A-minus, and A1 short-term ratings, from A2.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Rabobank Nederland	250	6.00	99.91R	May.1997	0.1875R	+20 (4¾%-99)	Swiss Bank Corp
D-MARKS							
Heidelberger Zement Finance	700	6.375	101.625	Apr.1999	2.50	-	Dresdner Bank
Commerzbank O'seas Finance‡	100	(a)	100.00	May 1996	0.625	-	Commerzbank
FRENCH FRANCS							
European Investment Bank(b)	2bn	0.125	96.02R	Oct.2004	0.325R	+16 (5½%-04)	CDC
Générale des Eaux(c)	1bn	6.25	95.844R	Mar.2004	0.425R	+40 (5½%-04)	Banque Nationale de Paris
GUILDERS							
Unilever	350	6.50	99.60R	May.2004	0.325R	+20 (5¾%-04)	ABN Amro Bank
ECUS							
Kingdom of Sweden(d)	400	6.25	99.40R	May.1999	0.25R	+12 (5%-99)	M.Stanley/Swiss Bank Corp.

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) 17¼% - 2 x 6-mth Libor for 1st 6 mths and 14¼% - 2 x 6-mth Libor thereafter. b) Fungible with outstanding FFr3bn. Plus 213 days accrued. c) Fungible with outstanding FFr2bn. Plus 63 days accrued. d) Spread relates to French BTANs.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/03	109.9900	+1.070	7.96	8.20	7.27
Belgium		7.250	04/04	100.8600	-	7.13	7.15	7.10
Canada *		6.500	06/04	90.1500	+0.850	7.93	8.22	7.57
Denmark		7.000	12/04	101.0000	-0.200	6.86	6.87	6.62
France	BTAN	8.000	05/98	107.2200	+0.110	5.94	5.76	5.70
	OAT	5.500	04/04	92.4500	-0.300	6.55	6.46	6.38
Germany		6.000	09/03	98.4900	-0.310	6.21	6.29	6.31
Italy		8.500	01/04	86.6900	+0.280	9.70†	8.92	9.23
Japan	No 119	4.800	06/99	105.6160	-0.060	3.52	3.26	3.63
	No 157	4.500	06/03	103.2870	+0.750	4.01	3.84	3.94
Netherlands		5.750	01/04	95.4400	-0.040	6.39	6.39	6.27
Spain		10.500	10/03	110.2000	-0.250	8.85	9.01	8.94
UK Gilts		6.000	08/99	94-29	-6/32	7.17	7.17	6.65
		6.750	11/04	93-24	-22/32	7.62	7.54	7.30
		9.000	10/08	110-11	-27/32	7.80	7.75	7.40
US Treasury *		5.875	02/04	92-23	+11/32	6.91	7.01	6.53
		6.250	08/23	88-00	+12/32	7.24	7.30	7.00
ECU (French Govt)		6.000	04/04	93.5700	-0.050	6.91	6.92	6.61

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

Prime rate	6¼	One month	3.55	Two year	5.36
Broker loan rate	5	Two month	3.58	Three year	5.79
Fed.funds	3½	Three month	3.64	Five year	6.40
Fed.funds at intervention	-	Six month	4.12	10-year	6.87
		One year	4.65	30-year	7.22

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	123.74	123.50	-0.08	123.84	123.44	161,713	113,584
Sep	123.00	122.76	-0.08	123.06	122.82	332	12,484
Dec	122.30	122.06	-0.08	122.30	222.20	52	310

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS May	CALLS Jun	CALLS Sep	PUTS May	PUTS Jun	PUTS Sep
123	-	1.38	1.66	0.46	0.88	1.80
124	0.38	0.80	1.17	-	1.26	-
125	0.10	0.40	0.86	-	1.93	-
126	-	0.18	0.52	-	2.64	-
127	-	0.09	0.35	-	3.53	-

Est. vol. total, Calls 17,445 Puts 27,154 . Previous day's open int., Calls 389,815 Puts 264,144.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	97.29	96.89	-0.25	97.36	96.81	133252	205122
Sep	96.90	96.59	-0.24	96.90	96.65	251	5768

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
9650	1.03	1.37	0.64	1.28
9700	0.75	1.13	0.86	1.54
9750	0.53	0.92	1.14	1.83

Est. vol. total, Calls 14039 Puts 10413. Previous day's open int., Calls 265021 Puts 237566

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	101.15	101.00	-0.12	101.18	101.15	120	2198

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	114.60	114.09	-0.41	114.85	113.87	45981	83389
Sep	-	113.71	-0.42	-	-	0	1642

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
11400	1.50	2.42	1.41	2.71
11450	1.24	2.20	1.65	2.99
11500	0.98	1.98	1.89	3.27

Est. vol. total, Calls 1687 Puts 3848. Previous day's open int., Calls 78120 Puts 74719

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	100.75	100.16	-0.44	100.90	100.12	50,885	101,063
Sep	-	100.20	-	-	-	-	104

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	108-02	107-13	-0-14	108-03	107-06	86084	144561
Sep	106-20	106-16	-0-14	106-20	106-20	204	107

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
107	1-50	2-24	1-24	2-58
108	1-18	1-60	1-56	3-28
109	0-57	1-37	2-31	4-05

Est. vol. total, Calls 5167 Puts 4798. Previous day's open int., Calls 89423 Puts 70183

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	90.20	89.94	-0.14	90.24	89.90	1,548	7,862

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	105-19	106-03	+0-10	106-06	105-17	341,577	385,222
Sep	104-22	105-05	+0-11	105-08	104-19	710	43,892
Dec	104-14	104-15	+0-11	104-17	104-12	261	31,165

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	111.66	-	-	111.70	111.53	2120	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Wed Apr 13	Day's change %	Tue Apr 12	Accrued interest	xd adj. ytd		Low coupon yield Apr 13	Low Apr 12	Low Yr. ago	Medium coupon yield Apr 13	Medium Apr 12	Medium Yr. ago	High coupon yield Apr 13	High Apr 12	High Yr. ago
1 Up to 5 years (23)	123.83	-0.02	124.37	1.05	3.96	5 yrs	7.22	7.19	6.77	7.45	7.40	7.00	7.55	7.53	7.21
2 5-15 years (24)	147.86	-0.41	148.46	1.92	4.14	15 yrs	7.71	7.63	7.73	7.80	7.73	8.16	8.08	7.99	8.39
3 Over 15 years (9)	166.93	-0.63	167.99	1.96	3.53	20 yrs	7.75	7.68	7.98	7.80	7.73	8.29	7.99	7.91	8.45
4 Irredeemables (6)	193.38	-0.65	194.63	3.91	1.47	Irred.†	7.88	7.82	8.33						
5 All stocks (62)	144.17	-0.33	144.63	1.65	4.00										

Index-linked	Wed Apr 13	Day's change %	Tue Apr 12	Accrued interest	xd adj. ytd		Inflation 5% Apr 13	Inflation 5% Apr 12	Inflation 5% Yr. ago	Inflation 10% Apr 13	Inflation 10% Apr 12	Inflation 10% Yr. ago
6 Up to 5 years (2)	184.83	+0.01	184.82	0.15	2.53	Up to 5 yrs	3.31	3.31	2.30	2.43	2.42	1.46
7 Over 5 years (11)	179.38	-0.12	180.00	0.54	1.89	Over 5 yrs	3.44	3.43	3.42	3.27	3.26	3.25
8 All stocks (13)	179.06	-0.11	179.61	0.49	1.77							

Debentures and Loans	Wed Apr 13	Day's change %	Tue Apr 12	Accrued interest	xd adj. ytd	5 year yield Apr 13	5 year Apr 12	5 year Yr. ago	15 year yield Apr 13	15 year Apr 12	15 year Yr. ago	25 year yield Apr 13	25 year Apr 12	25 year Yr. ago
9 Debs & Loans (73)	135.12	-0.54	135.86	1.86	3.76	8.67	8.78	8.64	8.89	8.81	9.23	8.90	8.84	9.46

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Apr 13	Apr 12	Apr 11	Apr 8	Apr 7	Yr ago	High*	Low*
Govt. Secs. (UK)	97.02	97.39	97.29	96.72	97.20	97.12	107.04	96.30
Fixed interest	117.04	117.29	117.00	116.78	117.27	113.01	133.87	115.14

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Apr 12	Apr 11	Apr 8	Apr 7	Apr 6
Gilt Edged bargains	84.9	84.0	94.4	85.5	100.7
5-day average	89.9	93.3	97.1	104.6	112.0

UK GILTS PRICES

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

[illegible]

COMPANY NEWS: UK

Transamerica sells its stake in Sedgwick

By Norma Cohen, Investments Correspondent

Transamerica Holdings, the US-based financial services holding company, yesterday disposed of its 21 per cent stake in Sedgwick Group in a deal valued at about £220m.

The shares were offered for sale at 193p to European investors yesterday morning in an underwritten offering by Morgan Stanley and SG Warburg. On Tuesday, the shares had closed at 213p.

The 30.7m shares offered for sale were A Ordinary Shares in Sedgwick, which carry no voting rights. In order for the transaction to be completed, Sedgwick's board must vote to convert the shares into 114.5m ordinary shares which carry the same dividend and other rights, but have voting rights as well.

Sedgwick's board is set to meet to approve the conversion within the next few days, and it is expected that settlement of the share purchase will occur on the Stock Exchange's May 3 settlement date.

Two Transamerica directors serve as non-executive directors on the Sedgwick board. Mr Jeremy Pinchin, Sedgwick company secretary, said it is not intended that the two will resign from the board in the near future.

An official at Morgan Stanley said the shares were placed with a variety of institutional investors, more than half of them in the UK. US securities laws classified the shares as a restricted offering, barring them from being offered publicly in the US.

Transamerica said it was disposing of the shares in line with its plans to withdraw completely from the property and casualty insurance businesses. It acquired them in 1985, when Sedgwick purchased Fred S James, its US-based insurance brokerage subsidiary.

In that paper-based transaction, which would have given Transamerica voting rights over 40 per cent of Sedgwick's equity and triggered a requirement to make a bid for the full company, Sedgwick elected to create a special class of non-voting share.

In 1991, Transamerica reduced that stake to about 25 per cent, and it has since been slightly diluted by a Sedgwick rights offer last autumn.

Sedgwick's shares have risen significantly since that offering, which valued them at about 165p.

Last night they closed 15p lower at 198p.

New look Nurdin & Peacock 7% ahead at £32m

By Peggy Hollinger

Nurdin & Peacock, the cash and carry operator, yesterday announced a 6.5 per cent increase to £32.1m in 1993 pre-tax profits.

It also boasted that its first discount warehouse shopping club had drawn almost 30,000 members in less than a month of trading.

Compared to the traditional cash and carry, "Cargo Club is a much sexier proposition," said Mr David Poole, Nurdin & Peacock's chief executive.

The programme had proved to be extremely successful so far, with membership increasing at the rate of 1,000 a month.

N&P planned to open a further two warehouse clubs before the end of the year.

The group also announced it was buying 10 cash and carry outlets in the north of England. N&P is paying £21.9m for M6, previously owned by Ireland's Fitzwilton group, where Mr Tony O'Reilly is chairman.

Mr Nigel Hall, N&P's finance director, said the acquisition was likely to result in some restructuring costs, which would depress profits. However, it was too early to quantify the levels of spending needed.

The benefits of the acquisition were expected to come through next year, when increased buying power and cost reduction began to feed through. N&P would also benefit from a full year's inclusion of sales against eight months this year.

For the year to December 31 sales fell by 3 per cent to £1.4bn, while like-for-like sales were down 6.6 per cent. Operating profits rose by 7 per cent to £30m due to marketing campaigns and strict cost cutting.

The rise was held back by a series of charges which came to £5.3m.

The final dividend is increased from 4.16p to 4.44p, for a total 6 per cent higher at 6.5p. Earnings rose 4 per cent to 17.6p per share.

● COMMENT

Fair dues to Nurdin & Peacock's management for squeezing out this advance after the exceptional costs and falling sales. Praise also for drawing in new customers as the independent sector comes under pressure. Yet, looking forward, there seems to be a big question mark over the latest acquisition. Without knowing the true scale of the write-offs and provisions, it is almost impossible to judge whether N&P is actually getting a good deal. Forecasts of £32.9m pre-tax before exceptionals leave little doubt that an advance will be a struggle this year. The picture might become a little clearer at the interim stage.

Colin Beere

David Poole: compared to the traditional cash and carry, Cargo Club is a 'much sexier proposition'

RTZ chief's remuneration rises by 13% to £589,000

By Kenneth Gooding, Mining Correspondent

Sir Derek Birkin, chairman of RTZ Corporation, the world's biggest mining group, received a 13 per cent increase in his total remuneration last year to £588,681, according to the company's annual report.

The increase follows a rise in 1992 to £520,316.

Excluding bonus and benefits in kind, his remuneration for 1993 went up by 8.8 per cent to £495,000 (£455,000) following an 11.5 per cent increase in 1992.

The total remuneration paid to RTZ's executive directors for 1993 went up by 10 per cent, from £1.87m to just over £2m. In 1992, the executive directors received a 5.35 per cent increase.

Attributable earnings for 1993 improved by 20 per cent to £287m and the dividend for the year is to be increased by 5 per cent to 20.5p.

In their joint statement, Sir Derek and Mr Bob Wilson, chief executive, point out that in spite of the exceptional severity of the fall in metal prices, the average annual total return on RTZ shares – that is growth in the share price coupled with dividends paid – over the past five years has been 20.7 per cent, compared with the 18.1 per cent average annual total return on the FT-SE-A All-Share Index.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aberforth Split ....int	2*	June 3	2	-	8.4
Barry Wehmiller ....int	2.4	June 2	2.4	-	6.7
Black (A&C) ....fin	9.25	July 5	9.25	13.5	13.5
IAWS ....int	1.15‡	June 22	1	-	2.1
New City & Comm .....fin	2.8	June 10	-	4.1	-
N Atlantic Small ....fin	nil	-	1.2	nil	1.2
Nurdin & Peacock.......fin	4.44	July 4	4.16	6.5	6.12
RMC ....fin	14.4	May 31	13.4	21	20
Savoy Hotel A ....fin	3.5	May 23	7	3.5	7
Scruttons § ....fin	7	-	7	13	13
Smiths Inds ....int	4.6	June 3	4.3	-	11.85

Dividends shown pence per share net except where otherwise stated. *Third interim: makes 6p to date. §OTC stock. ‡Irish pence.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends.

Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Cradley, Estates & Agency, Prestwick.

Finals- Aegis, Ashley (Laura), Beauford, Blue Circle, Brooks Service, Forte, Hunting, Ipeco, Lamont, Sindall (Wm), Storm, Swallowfield, Tudor.

FUTURE DATES

Interims-

Ferraris	Apr. 25
Fleming Japanese Inv Tst	Apr. 20
Hanson	May 17
Jupiter Euro Inv Trust	Apr. 26
Mercury Keystone Inv Tst	Apr. 26
Osprey Comms	June 16
Scottish National Trust	Apr. 27
WEW	Apr. 21

Finals-

Barlows	Apr. 26
Caird	Apr. 21
Dencora	Apr. 20
Etam	Apr. 21
Fleming Cont Euro Inv Tst	Apr. 28
Golden Vale	Apr 19
Jacks (William)	Apr. 20
Liberty	Apr. 21
RPH	Apr. 21
South Staffs Water	May 27
United Energy	Apr. 21
Venturi Inv Trust	Apr 26

Rolls-Royce and Jaguar progress

By Kevin Done, Motor Industry Correspondent

Rolls-Royce Motor Cars, the luxury car subsidiary of Vickers, the UK engineering group, increased its worldwide retail sales by 9.3 per cent in the first three months of the year.

Sales of Rolls-Royce and Bentley cars rose from 321 to 351 over the period, helped by a surge in registrations in the UK.

Jaguar, the UK luxury car subsidiary of Ford of the US, is also enjoying improving fortunes with a 12 per cent increase in worldwide sales in the first quarter to 7,073.

Rolls-Royce Motor Cars, which managed to break even last year following drastic restructuring and two years of heavy losses, appears to have halted the erosion of its sales suffered in 1991 and 1992.

Worldwide retail sales stabilised last year at 1,360, compared with 1,378 in 1992. Sales reached a record 3,333 in 1990.

The higher sales in the first quarter this year were due chiefly to a 68 per cent rise in registrations in the UK from 85 to 143.

Jaguar's sales were also boosted by rising demand in the UK but unlike Rolls-Royce, it is sharing in the strong growth of car sales in the US, its single largest market worldwide. Registrations in the UK rose by 25 per cent in the first three months to 2,029, while sales in the US increased by 18 per cent to 3,016.

Further shots in Regina war

By Simon Davies

More shots were fired yesterday in the battle for control of Regina, the USM-quoted royal jelly group. The current management has written a second letter to shareholders urging them to vote against changes proposed by Mr Shiraz Malik-Noor, the largest shareholder.

"Since Mr Malik-Noor took control of Regina, sales have plummeted by 60 per cent", wrote Mr Paul Geoghegan, the chairman. "Regina cannot afford an expensive Knightsbridge office, it cannot afford costly mistakes like polo sponsorship, it cannot afford any more extraordinary meetings, and in your board's view it can no longer afford Mr Malik-Noor."

However, the fate of Mr Geoghegan is in the balance. An EGM on April 27 will vote on Mr Malik-Noor's reinstatement as chairman and the appointment of two associates to the board. This would give him control.

Mr Geoghegan's second letter is another attack on Mr Malik-Noor's performance. He also condemned Mr Malik-Noor's salary and the fact that loans from connected companies were made to Regina at 5 per cent above base rate.

Mr Malik-Noor is drafting his own response to shareholders.

Secure expands banking side

By Alison Smith

Secure Trust, the financial services group, is buying Aitken Hume Bank for up to £10.5m, and partly financing the purchase with a placing of new shares to raise £2.5m.

Secure will pay £3.2m at completion, and a further £1.3m within the next year. The rest will be payable depending on the extent of recovery of certain loans made by the bank.

AHB will be renamed Arbuthnot Latham and play a critical role in Secure's plans to reorganise its UK banking operations.

The existing 30 staff in the sole office in London will be maintained.

It is intended the organisation will give Secure a focus for providing banking services to professional employees and people who own and manage small businesses.

Secure's existing banking business, the People's Bank, which is based in Bradford and focuses more on skilled manual workers, was acquired last year and as part of the reorganisation will become part of Secure Trust Bank.

Mr Henry Angest, Secure's chairman and chief executive, is looking to the group's banking activities to provide much of its future growth.

Pre-tax profits increased by 4 per cent to £7.61m in 1993.

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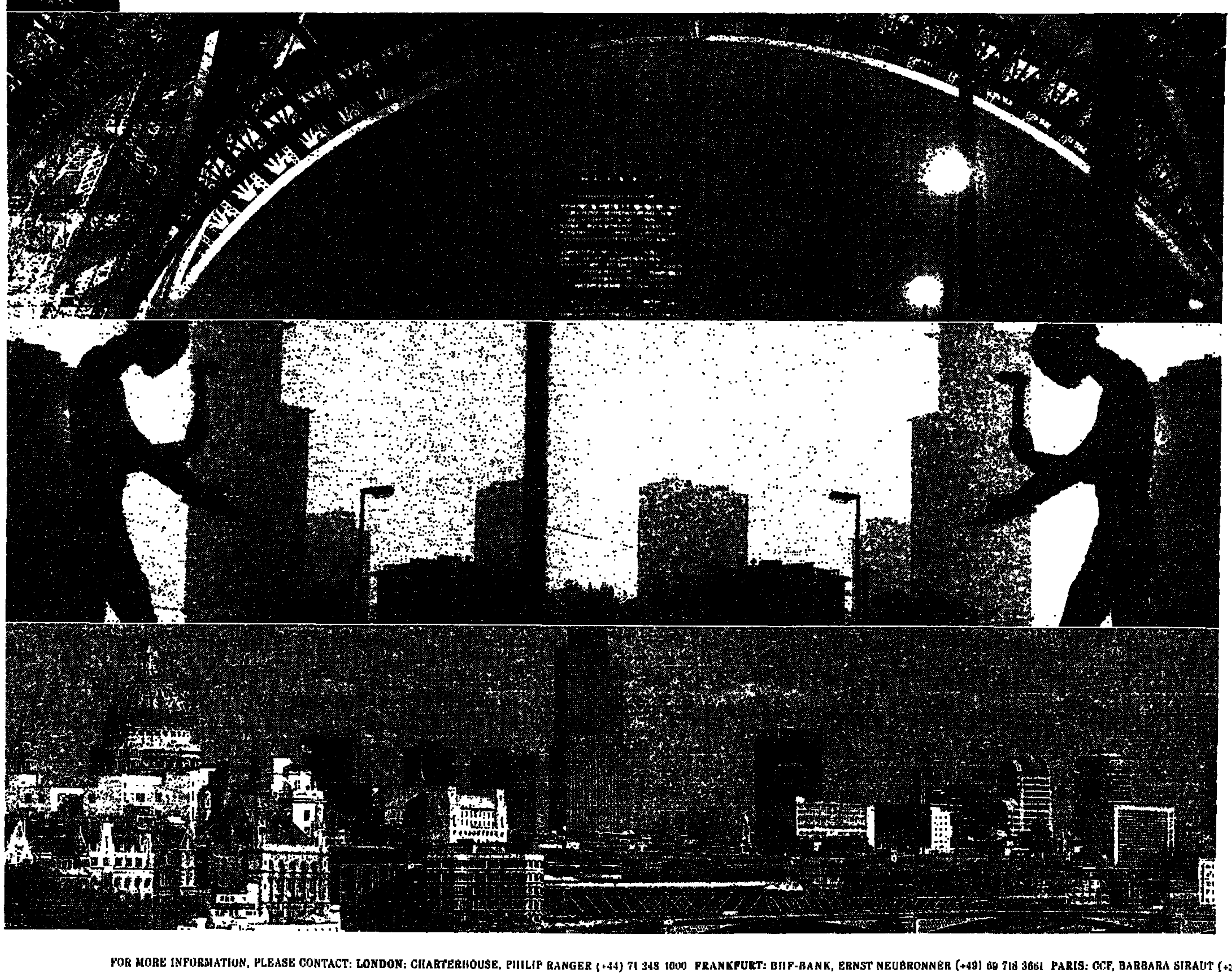

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COMPANY NEWS: UK

Necessary to prove the Regent Street performance can be replicated

Likely £40m tag for Hamleys

By Simon Davies

Hamleys, which claims to be the finest, and is arguably the largest, toy shop in the world, is to issue £20m worth of shares through a placement and intermediaries offer which is expected to value the company at about £40m. Its pathfinder prospectus was published yesterday.

The current management team has revitalised Hamleys since it joined in 1991, increasing operating profits from £1m in 1991 to £3.6m in the year to January 29 1994. Operating margins have more than doubled to 17 per cent.

Some analysts argued that it would have to prove that it can replicate this performance outside Regent Street - in new stores and franchise arrangements - to justify the management's claim to a premium stock market rating.

However, the issue is expected to come to the market on an historic p/e ratio of less than 17 (excluding interest costs), compared with the retail sector average of 19.

The company will raise about £12m from the flotation, which will pay off the remainder of its long-term debt. Some £8m of shares will be sold by existing shareholders, and after the flotation the management will own about 9 per cent.

Hamleys was founded in 1760, and by 1990 it had passed through the hands of Lines Toys, Burtons, Harris Queensway and a 1989 US-led management buy-in, before the current management arrived.

Mr Howard Dyer, chairman, and Mr Stephen Woodbridge, managing director - both senior members of the Williams Holdings management team - have transformed its operating performance, but by January 1993 the company had only returned to its 1986 profit levels.

Mr Dyer argues that an anticipated pick-up in tourism to the UK should improve sales, since about 50 per cent of customers are tourists.

In addition, improving economic conditions should encourage greater spending from the 5m customers that enter the store each year, of whom only 30 per cent buy something.

The management is also pushing to capitalise on the Hamleys name and its retailing skills. It has opened outlets in Covent Garden and Heathrow's Terminal 4, and will open another at the entrance to the Channel Tunnel.

Mr Dyer said Hamleys would not try to replicate the disastrous foray into high street toy stores, instigated under Harris Queensway. New stores are small, focused, and aimed at tourists.

Hamleys will increase own-brand product sales, which currently account for about 3 per cent of sales, in order to further develop its reputation.

It has also started operating toy concessions for other retailers, signing an agreement to manage toy departments for 18 House of Fraser stores, and supplying a further six.

The pricing of the issue will be announced on April 26, and dealing is expected to start on May 6. The lead sponsors are JO Hambro Magan and Cazenove.

Barry Wehmiller suffers 49% fall to £1.65m

By Tim Burt

Shares in Barry Wehmiller International fell 6p to 162p yesterday after the packaging equipment manufacturer reported a 49 per cent decline in half-year profits.

At the pre-tax level they fell from £3.2m to £1.65m in the six months to January 31 as its businesses suffered under the impact of intense price competition and shrinking demand.

Mr Michael Windsor, chairman, said: "First order intake for several of our businesses, particularly those dependent upon continental Europe and the UK dairy industry, was unusually low."

The decline was offset by increased orders at a number of subsidiaries - including BWI Manesty, its coating operator - and new sales in east Asia and Latin America.

Contributions from these operations helped restrict the fall in group turnover to £37.3m (£38.6m).

Prospects in such markets encouraged the board to declare an unchanged interim dividend of 2.4p, even though earnings per share fell by more than half to 2.4p (5p).

The decision reflected the group's optimism that it would reverse the drop in orders during the second half.

Mr Windsor said the company had seen demand increase significantly in recent months, and orders were now 20 per cent ahead of 1993's year-end levels.

"We are looking for a significant recovery in the second half of this year and believe that we will enter the next year with an enhanced order book, a clear direction for our business and a strong balance sheet to support further development."

Sims Food shares fall 21p on guarded forecast

By David Wighton

Shares in Sims Food Group fell 21p to 82p yesterday after the meat processor and supplier warned that it had been unable to pass on seasonal raw material price increases to UK retailers.

In December, the company announced first half losses of £1.3m, which it blamed on high livestock prices and the devaluation of sterling. The interim dividend was cut by a third.

It said yesterday that management accounts showed a small pre-tax profit for the year to March 31 as a whole.

In addition to the pressure on gross margins due to raw material price increases, Sims said volumes had also suffered. Demand was flat, particularly in the case of beef where recent publicity about the BSE disease had had an effect.

However, the company continues to trade profitably with the full benefits of last year's restructuring now being felt.

NEWS DIGEST

British Land acquires business park

British Land is acquiring Barwell Business Park in Chessington, Surrey, for a total £19.2m and the investment will be offered to the BL Quantum Property Fund, the joint venture that British Land set up with Mr George Soros' Quantum Fund last summer.

The consideration is to be satisfied by some £2m cash and the balance by the issue of 4.1m new British Land ordinary shares at 420p each.

The 26-acre park comprises 343,000 sq ft of new industrial and warehouse buildings and a further 44,000 sq ft currently occupied by the Property Service Agency. The rent roll is about £2.8m a year and the average lease length is 19 years.

Takare co-founder sells 10% stake

Mr Deverok Pritchard made a paper profit of some £32.1m yesterday when he sold almost all of his 10.2 per cent stake in Takare, the healthcare group he co-founded and from which he was ousted in a boardroom row over management style last month.

He sold some 12.5m shares, reducing his holding to 97,456 shares. The share price was unchanged at 258p.

Enterprise Computer expands US side

Enterprise Computer Holdings has opened a new branch of its Database Server Systems subsidiary in Pennsylvania.

DBSS is the company upon which Enterprise will in future base its US operations.

PizzaExpress chief sells 2m shares

Mr Peter Boizot, founder and non-executive chairman of PizzaExpress, the pizza restaurant chain floated in February 1993, sold 2m of its shares on Tuesday at 120p each, representing 3.8 per cent of the issued capital.

The sale reduces his stake to 5.72m ordinary shares, or 10.8 per cent of the issued capital. Mr Boizot has undertaken not to dispose of any further shares for at least a year.

The shares were placed with institutional clients of Greig Middleton.

Severn Valley Railway share offer

Severn Valley Railway (Holdings) is offering up to 750,000 new ordinary shares at £1 each, payable in full on application, to fund the purchase of its Kidderminster railway station and provide additional working capital.

The company's shares trade under Rule 535(2).

Premier Land expands portfolio

Premier Land, the former Vizcaya Holdings, is further expanding its property portfolio through the acquisition of two London office buildings.

It is paying £2.1m cash for 66-67 The Mall, Stratford, E15, a 60,000 sq ft leasehold with 108 years unexpired.

The building is currently let to Chemical Bank at a net annual rent of £305,000, although a rent review is outstanding from 1992. Chemical's lease expires in 1997.

The second purchase is the freehold of Greenland Place, NW1, for £1.85m in shares and cash. The 11,540 sq ft office/studio building is fully let on 20-year leases with a current rent of £204,000 a year.

Initial yields on the purchases are 15 per cent and 10.5 per cent respectively.

NM Smaller Australian

A conversion share issue by NM Smaller Australian Companies Trust has raised £27.9m through a placing and intermediaries offer, approximately doubling the size of the trust, which was launched in December.

However, like most investment trust issues in the last few weeks, the outcome fell short of the target size, set at £35m.

Another conversion issue, from Fleming European Fledgeling Investment Trust, has raised £14.7m, well below its target of about £50m. Of the new money, £10.5m came from an institutional placing, and £4.2m from a public offer.

Seafield directors face challenge

Seafield, the Dublin-based transport, warehousing, and property company, announced yesterday that various shareholders had requested an extraordinary general meeting both to consider the removal of Mr Brian Chilver, chairman, and Mr Richard Hayes, another director, from the board, and to consider the appointment of Mr Robert Cosby and Mr Anthony Stuart Wilson as directors.

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1/2 hour period ending	Provisional Price for Trading on 14.04.94 Pool purchase price £/MWh	Final Prices for Trading on 17.03.94 Pool purchase price £/MWh	Pool selling price £/MWh
0030	11.10	10.95	10.95
0100	10.86	15.60	15.60
0130	16.85	15.62	15.62
0200	22.01	15.62	15.62
0230	40.00	15.58	15.58
0300	40.00	15.53	15.53
0330	40.00	15.52	15.52
0400	27.24	10.96	10.96
0430	22.38	10.89	10.89
0500	16.75	10.89	10.89
0530	16.75	10.88	10.88
0600	16.75	10.89	10.89
0630	16.86	10.97	10.97
0700	23.51	15.71	15.71
0730	25.97	15.76	15.76
0800	33.75	13.81	18.56
0830	35.58	14.44	17.09
0900	37.93	15.76	18.41
0930	37.66	16.78	19.44
1000	37.44	16.78	19.43
1030	36.43	16.34	18.99
1100	35.59	15.86	18.22
1130	36.13	14.44	17.09
1200	34.74	15.75	18.40
1230	33.66	15.74	18.40
1300	31.76	14.43	17.09
1330	31.68	14.43	17.08
1400	30.10	14.42	17.07
1430	26.09	14.42	17.07
1500	28.05	13.91	16.55
1530	26.02	13.91	16.55
1600	29.29	13.91	16.56
1630	26.33	14.42	17.07
1700	35.89	14.42	17.07
1730	35.85	14.42	17.07
1800	35.89	14.42	17.07
1830	25.62	13.94	18.60
1900	26.61	16.38	19.04
1930	25.60	18.90	19.47
2000	25.61	15.91	18.57
2030	33.03	14.43	17.07
2100	47.04	14.42	17.07
2130	47.04	13.91	16.55
2200	34.77	15.65	15.65
2230	34.75	15.56	15.56
2300	12.86	10.98	10.98
2330	17.50	10.83	10.83
2400	16.86	10.82	10.82

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £19.86/MWh becomes 1.986p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.
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PUBLIC WORKS LOAN BOARD RATES

Effective April 12

Years	Quota loans* 'Lower' quota rates EIP†	A††	At maturity§	'Higher' quota rates EIP†	A††	At maturity§
1			5¼			5⅝
Over 1 up to 2	5½	5½	6¼	5⅝	5⅝	6⅝
Over 2 up to 3	6	6⅛	6⅞	6⅛	6¼	7
Over 3 up to 4	6½	6½	7¼	6⅝	6⅝	7⅜
Over 4 up to 5	6¾	6⅞	7½	6⅞	7	7⅝
Over 5 up to 6	7	7⅛	7⅝	7⅛	7¼	7⅞
Over 6 up to 7	7⅛	7¼	7¾	7¼	7⅜	8
Over 7 up to 8	7⅜	7⅜	7⅞	7½	7½	8⅛
Over 8 up to 9	7½	7½	7⅞	7⅝	7¾	8⅛
Over 9 up to 10	7½	7⅝	7⅞	7¾	7¾	8¼
Over 10 up to 15	7⅞	7⅞	7⅞	8⅛	8¼	8¼
Over 15 up to 25	7⅞	7⅞	7⅞	8¼	8¼	8¼
Over 25	7⅞	8	8	8¼	8⅜	8⅜

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

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In accordance with the terms and conditions of the Notes, the interest rate for the period 13th April, 1994 to 13th July, 1994 has been fixed at 5.31959% per annum. The interest payable on 13th July, 1994 against Coupon 15 will be £132.63 per £10,000 nominal.
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Advance achieved despite depressed conditions in aerospace market

Smiths turns in £46m midway

By David Wighton

Smiths Industries reported a recovery in pre-tax profits from £40.3m to £46m on turnover up by £23.2m to £351m in the six months to January 29, in spite of depressed conditions for its aerospace business.

Mr Roger Hurn, chairman and chief executive, said that the production phase of several defence projects had been delayed and that the prospects for the aerospace arm remained difficult.

But he declared himself "optimistic" about the outlook for growth in group profits and earnings per share.

Both the medical systems and industrial divisions reported higher profits, partly due to acquisitions, and earnings per share rose from 9.2p to 10.4p. The interim dividend rises 7 per cent to 4.6p.

Excluding a £3m exceptional loss in the first half of last year pre-tax profits rose by 6 per cent, with about half the rise the result of acquisitions. Mr Hurn said he was "delighted" with the performance of Vent-Axia, the fans and hand driers maker bought for £56m in December 1992.

Its inclusion increased profits from the industrial division to £11.7m (£8.6m) on turnover of £84.7m (£68.4m).

Profits from aerospace edged up to £14.1m (£13.9m) on flat sales of £174m. The aerospace workforce, which is down by 40 per cent from its peak, was cut by another 600 in the period.

There were a total of 750 redundancies across the group in the first half with costs, charged against profits, at a similar level to last year.

The shares rose 15p to 485p.

Smiths paid out £9m in deferred acquisition costs in the first half, but its net cash still grew from £34m to £62m, before the recent $32m (£21.9m) purchase of Tutco in the US. Mr Hurn said the group was looking for further acquisitions.

● **COMMENT**

As the aerospace recovery continues to recede, more of Smiths' staff are shown the door. But the company believes that process is largely over, convincing the more cautious observers that its aerospace profits have bottomed in spite of the expected downturn in orders for the Boeing 737. Although kit for the new 777 will kick in from next year, Smiths will not know until September how much work it will get for the updated 737-700. Given the heavily reduced cost-base, a reasonable upturn in workload should bring a sharp upturn in profits. But until that happens Smiths' can only look to some recovery from its industrial division, where margins are already a healthy 14 per cent, and continued expansion from medical, where underlying profits growth was between 6 and 8 per cent in the first half. That should take profits to about £113m this year, but after a strong run the shares look high enough on 19 times earnings.

Fergus Wilde

Giles Shepard: it was considered prudent to cut the dividend

Savoy back in the black with £0.73m

By Michael Skapinker, Leisure Industries Correspondent

Savoy Hotel yesterday announced a turnround from pre-tax losses of £1.43m to profits of £725,000 for the year to December 31 but is proposing to halve its dividend.

In 1992 Savoy, whose hotels include the Savoy, Claridge's and the Connaught, paid a maintained dividend of 7p on its A shares and 3.5p on its B shares because it believed recovery was on the way.

However, yesterday the group said this did not take place as quickly as expected and business only picked up in the middle of September. Although this improvement had been maintained in 1994, Mr Giles Shepard, managing director, said the group thought it prudent to reduce the dividend to 3.5p per A share and 1.7p per B share.

Earnings per A share were 1.8p, against losses of 1.3p, while earnings per B share were 0.9p (0.6p losses).

Mr Shepard said occupancies at the group's hotels were currently running at between 63 per cent and 65 per cent, compared with less than 60 per cent in the first half of last year. He said average room rates last year were £193 excluding VAT, compared with £186 in 1992. Room rates this year were at about the same level as in 1993, he added.

Turnover rose by 8.5 per cent to £83.3m (£76.8m) with the second half showing a 13 per cent rise compared with 3 per cent in the first half.

Operating costs rose by 6.2 per cent to £74.8m. Staff costs increased by only 2.3 per cent. However, the cost of raw materials and consumables increased by 5 per cent. Savoy said this was partly because of the increase of business in the second half.

Operating profits amounted to £1.55m (£57,000 losses). The pre-tax result was struck after higher investment proceeds of £589,000 (£229,000) and reduced interest costs of £1.41m (£1.6m).

ACCBank shows 28% rise

By Tim Coone in Dublin

ACCBank, the state-run Irish bank which the government has said it intends to privatise, reported a 28 per cent increase in pre-tax profits to I£11.2m (£10.8m) for the year to December 31.

Originally dedicated to the agricultural sector, the bank has in the past six years diversified into the personal lending and small business sectors.

Net interest income expanded by 9.4 per cent to I£37.1m in 1993, and total assets rose by 8.3 per cent to I£932m. Administrative costs were up 9 per cent to I£23.6m. Dealing profits of I£1.6m gave an important boost to the bottom line.

The bank reported a loan book of I£574m, two thirds of which has a maturity of more than five years. A further I£218m was loaned to other banks, 75 per cent on short-term deposits of less than three months.

Mr Dan McGing, chairman, pointed out that this marked the sixth successive year of double-digit growth, although he acknowledged that the level of performance would be difficult to maintain.

Total dividends are doubled to I£1.53m, which go to the Irish government as the 100 per cent shareholder.

Two years ago Mr Bertie Ahern, the finance minister, said that the government intended to dispose of the bank, but the present Fianna Fail-Labour coalition appears to be procrastinating over whether to privatise it or merge it into a larger entity with other financial institutions from both the private and public sectors.

IAWS improves to I£2m

Profits of IAWS Group, the Dublin-based food and agricultural company, rose from I£1.19m to I£2.03m (£1.96m) pre-tax for the half year ended January 31.

An improvement in turnover to I£218.2m (I£176.2m) reflected stronger dollar and sterling exchange rates and a full contribution from UK acquisitions in fertiliser and fish meal.

Earnings emerged at 1.47p (0.93p) and the interim dividend is lifted to 1.15p (1p).

Trading in the second half, the more important period, continues "satisfactorily".

MAI sells insurance business

By Alison Smith

MAI, the financial services, information and media group headed by Lord Hollick, has sold the business of Safeguard Insurance to Hill House Hammond, a subsidiary of Norwich Union, for about £6.4m cash.

HHH will take on about half Safeguard's 174 branches to add to its existing network of 185 offices which are concentrated on market and small provincial towns. It deals in a range of motor, household and general insurance.

It will interview all 900 or so Safeguard staff, but some job losses are certain. The combined operation will probably total about 2,000 staff.

MAI will put the sale proceeds towards the cost of closing the other branches. The net costs, together with the write-off of historic goodwill totalling £18m, will be treated as an exceptional item in MAI's accounts for the year to June 30 this year.

Safeguard lost £1m in the second half of last year, having been hit by intense competition from direct telephone sales. It last made a profit in 1991. "The sale represents a satisfactory exit for MAI from a lossmaking business," the company said.

NEWS DIGEST

A&C Black declines to £507,000

Pre-tax profits of A&C Black, the publishing group, fell by £28,000 to £507,000 in 1993. Turnover dipped 10 per cent from £6.78m to £6.1m.

The outcome was struck after a fall in net interest payable from £59,000 to £18,000.

Earnings per share emerged at 23.5p (24.4p). The final dividend is again 9.25p, maintaining the total at 13.5p.

New City & Comm

New City and Commercial Investment Trust had an undiluted net asset value of 161.46p per share as at January 31.

The figure represented an advance of 66 per cent on the value at February 8 1993 – when the trust commenced trading following the restructuring of the City and Commercial Investment Trust.

If diluted for exercise of warrants, the value improved 55 per cent to 151.22p.

Earnings per share for the period were 4.544p; a proposed final dividend of 2.8p lifts the total to 4.1p.

N American Small

Net asset value per share of the North Atlantic Smaller Companies Investment Trust improved from a restated 206p to 264p over the 12 months to January 31.

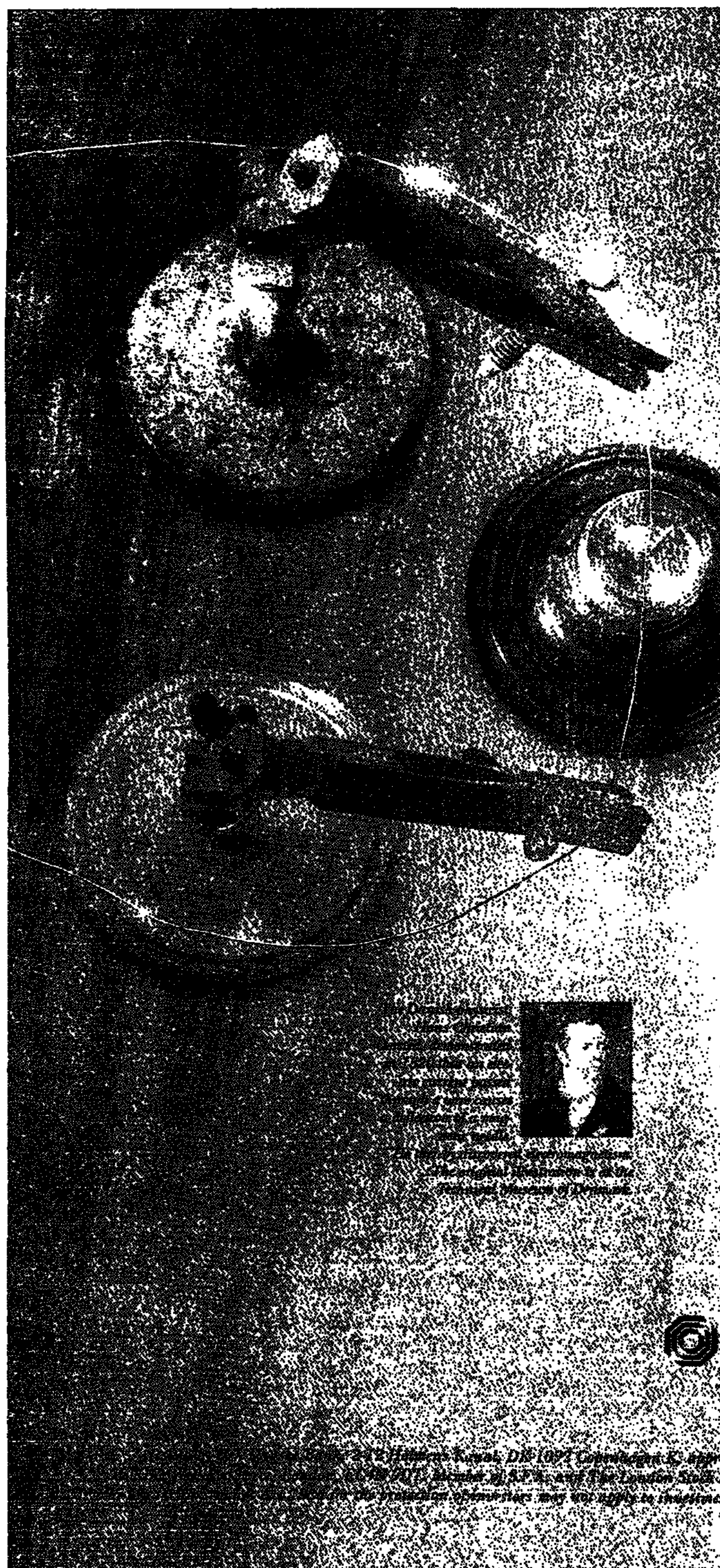
The figure was based on loan stock being converted and options unconverted. Fully diluted net assets rose from 194p to 256p.

Available revenue declined to £120,000 (£243,000), equal to earnings of 1.38p (2.28p). The single dividend is omitted – 1.2p was paid previously.

Scruttons

Scruttons, the OTC-traded port, shipping, engineering and security company, reported pre-tax profits of £882,000 from turnover of £30.1m for 1993.

That compared with profits – restated for FRS 3 – of £417,000 from turnover of £26.9m in 1992. Earnings came out at 14.5p (7.2p) and a same again final dividend of 7p is proposed to maintain the total at 13p.



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Investors are sought who are able to further strengthen the company's technological and marketing position in order to continue its success.

Bids for Kras' shares are to be submitted on May 27, 1994 to the Croatian Privatisation Fund. The winning bidder will have the possibility of acquiring further shares through a capital increase.

EPIC and its local partner INVESTCO have been mandated as the exclusive advisors to the Privatisation Fund of the Republic of Croatia regarding this transaction. Financial and strategic investors who are interested in this opportunity may receive an Information Memorandum and tender documents against a fee of DM 1000 and the signing of a confidentiality undertaking. For further information, please contact us at the telephone numbers listed below.

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هكذا من الاصل

M&G accepts GKN's offer for Westland

By Tim Burt

M&G, one of the largest institutional shareholders in Westland Group, yesterday said it was accepting GKN's revised takeover offer for the helicopter manufacturer.

The institution said it did not want to remain as a minority shareholder following the engineering group's hostile bid for Westland, in which it holds 12 per cent.

M&G's decision is expected to prompt other institutions to accept the 335p a share offer. GKN has also offered a partial share alternative or 290p plus a share of any compensation received from the Arab Organisation for Industrialisation.

The AOI has been ordered to pay Westland £385m in damages over an alleged breach of contract in the late 1970s.

Institutions which have yet to formally accept GKN's offer are understood to favour the partial share alternative, worth 344½p on GKN's 584p share price yesterday. They include Schroders, controlling 13.5 per cent of Westland, and Royal Insurance with 4 per cent.

GKN, which expressed confidence that the institutions would accept its offers, yesterday confirmed that it had invited shareholders to take part in the second tranche of its £248m rights issue to fund the Westland takeover.

It also said discussions were continuing between Sir David Lees, its chairman, and Mr Alan Jones, his Westland counterpart, on the integration of the helicopter company into GKN's defence division.

It is not yet clear whether Mr Jones will remain with the enlarged group once the integration has been completed.

Mid-States held back by exceptionals

Pre-tax profits of Mid-States, the US automotive parts distributor quoted on the USM, fell from £4.21m to £3.47m in 1993 after accounting for exceptional provisions of £2.4m.

Turnover rose by £13m to £63.1m. Earnings per share emerged at 5.3p (7.3p). There is again no final dividend.

The company hopes to raise between £13.6m and £17m via a placing of shares on Nasdaq and at the same time moving to a full listing in London.

It has also acquired two businesses in Mississippi for a total of $2.8m (£1.9m) cash.

Woodchester Invs

Woodchester Investments has bought in 4.68m ordinary shares at 130p. It intends to cancel all the shares purchased leaving the total number in issue at 205.33m. As a result, Credit Lyonnais's stake will increase to 51.75 per cent.

Courtaulds Textiles lifts directors' pay

Courtaulds Textiles may have suffered a tough 1993, with particular problems in continental Europe, but recession did not stretch as far as directors' pay packets.

The company saw earnings per share fall 3 per cent last year and was forced to issue a profits warning. This was reflected in the lack of performance-related payments.

The salary of the highest-paid director, Mr Martin Taylor, the recently-departed chief executive, rose £18,000 to £224,000 although this will not have added to the comfort of his last year in the hot seat. His £42,000 performance bonus from 1992 was not repeated.

Mr Taylor, who left the company in December to become chief executive at Barclays, received no remuneration for his role as chairman.

However, two other directors pushed their salaries through the £150,000 barrier for the first time.

Unit launches restructure and rights

Unit Group, the lossmaking USM-traded timber pallet manufacturer, has announced moves to reduce its borrowings and finance a restructuring via a subscription and rights issue.

Glenbank, a private company controlled by Mr J Wilton and Mr Harry Sproule, is taking 26 per cent of the enlarged capital through subscription for 2.77m shares at 24p apiece, raising £666,000 before expenses.

Mr Wilton and Mr Sproule will join the Unit board.

The rights issue of up to 2.47m shares, on a 5-for-11 basis, also at 24p, will raise £592,000, conditional on the subscription taking place.

The measures will result in gearing falling from 129 per cent to 44 per cent.

Unit anticipates pre-tax losses of not more than £1.64m for the 12 months to March 31 1994, of which £750,000 will cover closure and reorganisation costs.

NEWS IN BRIEF

ABERFORTH SPLIT Level Trust: Net asset value 278.36p per capital share at March 31, up 31 per cent. Value per unit (one capital share and one income share) 288.95p, up 30 per cent. Third interim dividend held at 2p, maintaining total to date at 6p.

CLAREMONT GARMENTS: offer for Magellan Industries has been accepted in respect of 22.8m shares (89.2 per cent) and has been declared unconditional. The offer remains open until further notice.

CLEVELAND TRUST, through its Belgrave Square Estates (Developments) subsidiary, has sold Unit 1 at Queensway Industrial Estate, Scunthorpe, for a total £1.14m.

ELLIOTT (B) is to acquire the Dynamote Corporation, based in Seattle, Washington State, for a total $1.65m (£1.1m) cash.

FISCAL PROPERTIES: of the placing and intermediaries offer of loan stock and shares, intermediaries have applied for 9.1 per cent of the ordinaries and 53 per cent of the loan stock.

HUNGARIAN INVESTMENT Company: net asset value at February 28 108.88 cents (94.85 cents) basic or 108.07 cents (95.31 cents) fully diluted. Net deficit for year to end-February $282,155 (£193,000), against $357,459 profit. Losses per share 0.282 cents (earnings 0.357 cents).

KOREA LIBERALISATION Fund announced the successful placing of 6.6m new ordinary shares with new warrants on a 1-for-5 basis at $10 a share. First dealings began on April 8.

LORD RAYLEIGH'S Dairies pre-tax profits £1.8m (£350,000) for 1993. Turnover £66m (£60.5m).

MAID: the Daniel Wagner (Maid Trust), a trust associated with Maid director, Mr Daniel Wagner, recently bought 100,000 shares in the company at a cost of 103p. Wagner now has an interest in 24.61m shares (30.37 per cent) in the company. These include 7.2m shares held by Curzon Securities and Trustees on trust for beneficiaries who include Mr Wagner. Maid's placing price was 110p.

MINMET, through its wholly owned subsidiary, Groundsland, has bought the landscaping and ground maintenance business of Salisbury Garden Services (Northampton) for £200,000. There is a profit-related deferred consideration of £230,000, payable on July 1 1995.

ST JAMES Beach Hotels: 6.5m new ordinary shares have been placed at 120p each raising £7.2m net of expenses. The placing values the company, which owns three luxury hotels in Barbados, at £24.3m. It is fully underwritten by the Bank of NT Butterfield & Son.

SALVESON (CHRISTIAN) has acquired Tendafrost Frozen Foods for £600,000 cash.

SHERIFF HOLDINGS has bought Alphabet Event Hire from Vibroplant for £940,000 cash.

UNILEVER has completed the acquisition of the Bertolli edible oil business from Cirio-Bertolli-De Rica. The Bertolli business comprises its olive oil brand, the production and marketing operations in Italy and sales operations abroad.

UPTON & SOUTHERN Holdings has received valid acceptances for its recent rights issue in respect of 9.19m new ordinary shares, or 53 per cent. The balance has been placed at a premium.

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Provident Bank

Barclays de Zoete Wedd Securities Inc. was named an agent for a $500 million bank note program for The Provident Bank.

February 1994

UI
The United Illuminating Company

BZW Division acted as financial advisor and agent to The United Illuminating Company in the placement of $13.5 million senior secured notes for its Shelton, Connecticut service center.

January 1994

AMERICA'S BEST CONTACTS AND EYEGLASSES L.P.

BZW Division provided $15 million in subordinated debt with warrants to America's Best Contacts and Eyeglasses L.P.

December 1993

Guardian

Barclays de Zoete Wedd Inc. acted as advisor to GRE USA Corporation, a subsidiary of Guardian Royal Exchange plc, in the acquisition of American Ambassador Casualty Company from Allianz (UK) Limited, a subsidiary of Allianz A.G. Holding (Germany), for $100 million.

December 1993

BZW: Multiple Financial Solutions for Corporate America.

HARRIS CHEMICAL GROUP, INC.

BZW Division acted as sole arranger in the structuring and syndication of a 5 year $150 million revolving credit as part of the recapitalization of the Harris Chemical Group, Inc.

October 1993

XEROX
The Document Company

BZW Division provided a $250 million forward starting interest rate swap to Xerox Corporation.

October 1993

BZW Division assisted the Toll Road Corporation of Virginia as financial advisor and acted as the administrative agent and co-arranger of the limited recourse bank facilities for this $340 million privately owned and funded 14-mile toll road extension from the Dulles International Airport to Leesburg.

September 1993

Sprint

BZW Division acted as managing agent in the structuring and syndication of a 3 year $1.1 billion revolving credit for the Sprint Corporation.

July 1993

FINANCIAL SECURITY ASSURANCE

BZW Division acted as agent to Financial Security Assurance in the structuring of a $71 million standby bond purchase agreement facility and related interest rate cap for the Student Loan Acquisition Authority of Arizona.

May 1993

COM/Electric

BZW Division acted as financial advisor and agent to Commonwealth Electric Company in the placement of $65 million notes.

March 1993

Detroit Edison

BZW Division acted as financial advisor and agent to The Detroit Edison Company in the placement of $100 million general and refunding mortgage bonds.

February 1993

DERIVATIVES

BZW Division was ranked the number one overall derivatives provider in a 1993 survey conducted by *Corporate Finance Magazine*, a *Euromoney* publication.

BZW

BZW Division is the investment banking arm of Barclays Bank PLC; Barclays de Zoete Wedd Securities Inc. and Barclays de Zoete Wedd Inc. are separate subsidiaries of Barclays Bank PLC.

Russian aluminium cuts still well short of target

By Kenneth Gooding, Mining Correspondent

Russia is having severe difficulty keeping to its undertaking, given to some western nations in January, to reduce its aluminium production by 500,000 tonnes a year.

This emerged yesterday when Concern Aluminiy, the Russian producers' association, gave output figures for the first time. By the end of March annual cuts totalling 142,000 tonnes had been made at seven smelters. This was well short of the 300,000 tonnes Russia promised to make by the end of April. Aluminiy officials admitted that the data were incomplete and that it would be difficult to persuade some smelters to agree on more cuts.

Mr Alexander Isayev, told Reuter in Moscow that the Bratsk smelter, the biggest in the world with an annual capacity of about 820,000 tonnes, was refusing to supply statistics and there seemed no way the government could force it to comply because it had been privatised.

"It's ending as we expected, a complete shambles in Russia," said Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group. "Most people were pretty sceptical about whether the Russians could deliver what they promised. At some stage, though, the Russians will be forced to cut production. They can't keep the smelters together for ever with paper clips and string."

Mr Nick Moore, analyst at Ord Minnett, an affiliate of Jardine Fleming, said there was scepticism because it was doubted if the Russian smelters could afford the social cost of cuts – nearly every one has a complete community to support. Nevertheless, western producers should be encouraged that some cuts had been announced in good time for another meeting in Brussels next week between the big producers (Australia, Canada, the European Union, Norway and the US as well as Russia).

He pointed out that, since aluminium reached an all-time low of 47.2 cents a pound in November, cuts announced by western producers – now totalling more than 900,000 tonnes a year – had helped it climb by 24 per cent to an average of 58.5 cents in March.

UK spends £1m more on animal inspections

By Deborah Hargreaves

The UK government has spent £1m to boost its on-farm inspections of live animals imported to Britain after the dismantling of border controls as part of the introduction of the European single market last year.

But still some diseases had succeeded in finding their way across the channel, such as warble fly infestation and brucellosis in cattle, Mr Keith Meldrum, the government's chief veterinary officer told the agriculture select committee of MPs yesterday.

The import of live cattle to the UK has increased six-fold since the single market came into effect at the beginning of last year. Half of these animals have their documentation checked at the farm and 10 per cent receive blood tests and other examinations.

Mr Meldrum said the Ministry of Agriculture was adding 30 man years' worth of work to conduct on-farm checks of imported animals. Before the single market came into effect, officials checked all animals at their port of entry.

"There are not a large number of holes in the internal market arrangements. We are now identifying those holes and blocking them up," he said.

Mr Meldrum said the outbreak of brucellosis last November in Anglesey, which was largely blamed by farmers on the single market, might still have occurred under the previous arrangements. He estimated that outbreak had cost farmers and Maff between £400,000 and £500,000 to stamp out.

Warble fly infestation was introduced last year from France after the UK had been free of the disease for two years. He said 1,500 herds of cattle had to receive the complex treatment for the infestation.

Chile expects regrowth in fruit exports

By David Pilling in Santiago

Chilean fruit exports, severely hit last season by countervailing duties imposed on apples by the European Union, should rebound by 15 per cent this year to $1bn, according to Mr Ricardo Ariztía, president of producers' association Fedefruta.

"Generally, exports should be better to the extent that we have not been affected by compensatory duties from the European Union," said Mr Ariztía. Producers say the fruit industry, which accounts for 10 per cent of Chile's export revenue, suffered losses of $100m-$120m last year because of EU import surcharges.

Mr Ariztía said that exporters had partly countered European restrictions by co-ordinating their shipments to ensure that prices did not fall below EU reference prices. "I believe that this has been the most noteworthy and important development of this season," he said.

However, prospects as a whole were far from rosy. Profits were being squeezed by low international prices, an appreciating peso and rising labour costs. There was also stiff competition from South Africa and New Zealand, as well as from emerging producers such as India, which also grows grapes – Chile's most important fruit export.

"The industry's profitability in Chile has truly deteriorated. I would even go so far as to say that, talking globally, the fruit industry this year will be in the red," Mr Ariztía said.

Last year, the sector, which had seen spectacular growth over the previous decade, suffered its first big bankruptcies.

This season, European resistance to imports had been replaced by problems with Argentina and Mexico, two of Chile's biggest Latin American customers. Argentina had been refusing entry to about 60 lorries a month, while Mexico recently held up two ships in the port of Manzanillo because of a fruit-fly scare.

Such actions were evidence "of continued protectionist barriers" that had no basis in international law or in bilateral agreements, Mr Ariztía said.

In the long-term, the sector could only prosper by concentrating on quality rather than volume, he said. For this reason it was vital that the industry reached agreement on regulations to guarantee the quality and standardisation of exports.

Although producers and exporters had been arguing over details for three years, Mr Ariztía thought agreement might soon be reached and appropriate legislation sent to congress in June.

Pipe work to boost gas sales to Italy

By Robert Corzine

A $1.6bn loan agreement to refurbish the Russian gas pipeline system was signed by 47 western banks in London yesterday in a deal which will allow Gazprom, the gas monopoly, to boost exports to Italy, one of its main customers.

The credit, which will be drawn down over the next five years, will finance refurbishment by an Italian consortium consisting of Nuovo Pignone and Snamprogetti.

The main aim is to reduce the large losses of natural gas as it moves from Siberia through the Russian pipeline system. The refurbishment will result in Italy gaining an additional 5.5bn cubic metres of Russian gas – taking the total above 19m – without any new, expensive wells being drilled.

Mr Earl Teitler of West Merchant Bank, one of the arrangers of the loan, said it could serve as a model for future energy export contracts with Russia and other former Soviet republics. Funds from the sale of the gas to Snam, the national Italian gas company, will be deposited in a US dollar escrow account, from which the loan will be repayed. The present value of the gas sales is $500m a year, rising to $900m when the additional amounts become available.

The arrangement was made possible by a World Bank waiver allowing Russian government revenues to be pledged to a specific project.

Syndication commitments of $2.2bn exceeded the $1.6bn required. Bankers said the positive reaction reflected Gazprom's record of exporting gas to western Europe without interruption for 25 years.

India heads for oilseeds record

By Kunal Bose in Calcutta

Aided once again by a good monsoon season – the fifth in a row – India hopes to achieve a record production of over 21m tonnes of oilseeds in 1993-94 (November to October), up from 20.6m tonnes in the previous year.

The significant improvement in the total oilseeds production is coming about in spite of a setback in the groundnut crop, the most important of all the oilseeds grown in the country, caused by drought in Gujarat and Maharashtra.

According to trade officials, the country's groundnut production in 1993-94 will be about 7.5m tonnes (in shell), down from 8.5m tonnes last year. The crop would have been even shorter had not production in Andhra Pradesh, a south Indian state, risen by nearly 350,000 tonnes to 2.4m tonnes. However, there is a shortfall in production in Tamil Nadu in the south.

As a result of the reduction in groundnut output and the unwillingness of farmers to dispose of their stocks at this stage, prices of groundnut oil have risen sharply. In sympathy, the prices of other edible oils have also gone up, much to the discomfiture of the federal government.

The government has formulated a two-pronged strategy to stem the price rise. Firstly, it will import at least 58,000 tonnes of edible oils, mainly palmolein. And secondly, it will release the stocks of oils held for distribution through fair price shops. The Central Organisation for Oil Industry which expects a total supply of 7m tonnes of indigenous oils this season does not, however, think that imports are necessary. Last year, India imported only 43,000 tonnes of oils, against the sanctioned limit of 100,000 tonnes.

Not very long ago, India was the world's largest importer of oils. In 1987-88, its imports amounted to 1.8m tonnes, causing a lot of pressure on its balance of payments position. A sea change in the oilseeds scene has since been brought about by the government-constituted technology mission on oilseeds.

While production of oilseeds has risen from 12.7m tonnes in 1987-88 to over 21m tonnes, the national oilseeds development project has set a production target of 26m tonnes and productivity target of 1,100kg a hectare by the year 2000. The government officials are confident that the targets will be achieved.

According to farming experts, the extra production has to be sought through productivity improvement as it will not be easy to get much extra land under oilseeds. The total land under the nine major oilseeds – groundnut, rapeseed and mustard, soyabean, sunflower, sesame, castor, safflower, linseed and nigerseed – is about 25.5m ha. Except for soyabean and sunflowerseed, no oilseed has found extra land in the last few years.

The TMO wants to ensure that besides the nine major seeds, secondary sources like cottonseed, rice bran, minor oilseeds of tree and forest origin and oil cakes should make a greater contribution to India's quest for self-sufficiency in vegetable oils at a satisfactory level of consumption. Indian annual consumption of about 7kg a head is less than half the world average.

It is also expected that by the turn of the century, India will achieve some success in promoting the cultivation of oil palm. An expert committee has identified 575,000 hectares of land in nine Indian states for oil palm cultivation. The crop has attracted the attention of a number of big Indian corporations as it gives up to six tonnes of oil a hectare, compared with 500kg to 600kg for other oilseeds.

MARKET REPORT

Copper fails to break resistance

COPPER flattered to deceive at the London Metal Exchange yesterday afternoon when the three months delivery position briefly snapped above $1,900 a tonne. But prices were back in the well-worn $1,880-1,900 band at the close of the after hours "kerb" session.

"It looked like it might find the stops [stop-loss buying orders] above there [$1,900], but with so little business around it just failed," one dealer explained.

Copper's setback rubbed off on the ALUMINIUM market, which eased back towards the day's lows on late liquidation, although the market continued to be supported by Chinese interest.

The LEAD market made another attempt to move above $470 a tonne for three months delivery in the afternoon, but again lacked follow-through, slipping back below that technically-significant level to end unchanged on the day at $468 a tonne.

ZINC, bereft of fundamental support, was unable to build on Tuesday's upward movement, and the three months position finished at $961 a tonne, down $6.50.

Compiled from Reuter

Shortfall seen boosting coffee prices

By Alison Maitland

A substantial shortfall in coffee supplies this year and a further deficit next year will lead to greater than expected price rises, according to the Economist Intelligence Unit.

The EIU has sharply raised its forecasts of price rises this year to 24.3 per cent for arabica and 23.6 per cent for robusta. In its February forecast for world commodities, it predicted rises of just over 16 per cent for both.

Coffee futures prices continued their upward drive yesterday morning. The London Commodity Exchange's second position robusta futures briefly broke through the key psychological barrier of $1,500 a tonne but then ran into selling and closed $7 down at $1,483.

The EIU says the worsening outlook for Brazil's harvest, starting this month, explains the cut in its forecast of global supplies in 1994-95 to 72.5m bags (60kg each) from 75.4m two months ago.

It predicts a Brazilian crop of 20m bags, down from 24m in 1993-94, but says a recovery is expected in 1995-96.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1294-5	1320-20.5
Previous	1303-4	1328-8.5
High/low	1292	1321/1316
AM Official	1291.5-2.0	1316.5-7.0
Kerb close		1316-7
Open int.	265,799	
Total daily turnover	74,881	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1323-8	1323-5
Previous	1322-4	1330-2
High/low		1325/1318
AM Official	1320-5	1320-3
Kerb close		1312-7
Open int.	4,575	
Total daily turnover	887	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	457.5-8.5	472-2.5
Previous	448.5-9.5	463-4
High/low	454	472.5/467
AM Official	453.5-4.5	468.5-9.0
Kerb close		467-8
Open int.	34,034	
Total daily turnover	3,989	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5560-70	5630-35
Previous	5500-05	5565-70
High/low	5545/5445	5645/5590
AM Official	5540-45	5610-11
Kerb close		5628-30
Open int.	46,146	
Total daily turnover	26,981	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5490-5	5545-50
Previous	5475-80	5530-35
High/low		5565/5515
AM Official	5490-5	5545-50
Kerb close		5510-11
Open int.	18,576	
Total daily turnover	3,644	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	941.5-2.5	962-4
Previous	945-6	967-8
High/low		965/961
AM Official	938-9	961-1.5
Kerb close		960-2
Open int.	105,060	
Total daily turnover	19,615	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1885.5-6.5	1901-2
Previous	1877-8	1892-3
High/low	1872	1901/1888
AM Official	1872.5-3.0	1888.5-9.0
Kerb close		1895-6
Open int.	196,807	
Total daily turnover	47,005	

■ LME AM Official £/$ rate: 1.4783

LME Closing £/$ rate: 1.4752

Spot:1.4770 3 mths:1.4727 6 mths:1.4697 9 mths:1.4660

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Apr	87.05	-0.10	87.05	87.05	594	197
May	87.15	-0.20	88.10	87.00	23,782	3,624
Jun	87.20	-0.20	87.60	87.50	706	24
Jul	87.30	-0.25	88.20	87.15	18,254	1,483
Aug	87.30	-0.25	-	-	434	5
Sep	87.35	-0.20	88.10	87.35	4,928	330
Total					N/A	N/A

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	378.00-378.40	
Opening	378.80-379.20	
Morning fix	379.20	257.085
Afternoon fix	378.50	256.003
Day's High	379.20-379.60	
Day's Low	376.80-377.20	
Previous close	377.80-378.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....3.36 6 months 3.73
2 months ....3.41 12 months 4.15
3 months 3.49

Silver Fix	p/troy oz.	US cts equiv.
Spot	362.05	533.60
3 months	366.40	538.45
6 months	371.35	544.55
1 year	382.20	559.50

Gold Coins	$ price	£ equiv.
Krugerrand	380-383	258-261
Maple Leaf	388.40-390.85	-
New Sovereign	89-92	60-63

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	378.2	-0.3	379.0	377.0	815	116
May	379.1	-0.4	-	-	-	-
Jun	379.9	-0.4	381.3	378.5	85,191	39,868
Aug	382.6	-0.4	383.5	381.5	9,789	681
Oct	385.4	-0.4	385.4	385.1	5,050	88
Dec	388.3	-0.4	389.5	387.0	14,193	446
Total					140,190	41,310

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	400.7	+2.4	402.0	400.0	123	24
Jul	403.2	+2.4	404.0	400.8	19,131	5,071
Oct	404.4	+2.5	406.0	402.5	1,815	65
Jan	405.2	+2.7	-	-	657	20
Apr	406.6	+2.9	406.5	406.5	877	6
Total					22,603	5,186

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Jun	132.75	+0.50	133.00	132.00	3,718	368
Sep	132.75	+0.50	133.00	133.00	425	4
Dec	132.75	+0.50	-	-	262	-
Total					4,405	372

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	530.7	+1.0	-	-	3	1
May	531.5	+1.0	533.5	526.0	61,715	21,897
Jun	533.5	+1.0	-	-	11	1
Jul	535.8	+1.0	538.0	532.5	23,583	5,935
Sep	540.0	+1.0	542.0	538.5	5,733	384
Dec	546.7	+1.0	549.5	544.0	10,250	677
Total					113,560	29,886

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
May	15.85	+0.10	15.95	15.67	80,524	44,383
Jun	15.79	+0.08	15.88	15.65	88,541	30,907
Jul	15.84	+0.08	15.88	15.70	44,494	8,878
Aug	15.90	+0.06	15.93	15.78	27,367	7,142
Sep	15.97	+0.05	16.01	15.92	21,705	2,265
Oct	16.08	+0.07	16.08	16.00	13,130	1,024
Total					410,531	100,847

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
May	14.83	+0.27	14.87	14.53	47,282	27,972
Jun	14.65	+0.20	14.68	14.40	63,007	20,898
Jul	14.60	+0.17	14.66	14.41	22,619	5,123
Aug	14.67	+0.14	14.70	14.45	13,383	2,072
Sep	14.76	+0.10	14.78	14.52	7,245	733
Oct	14.73	-0.01	14.74	14.65	2,905	513
Total					163,043	57,754

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
May	45.80	+0.32	45.95	45.50	40,899	12,170
Jun	45.65	+0.32	45.75	45.30	39,429	7,250
Jul	45.90	+0.32	45.95	45.60	30,358	3,021
Aug	46.45	+0.22	46.60	46.40	11,764	949
Sep	47.45	+0.17	47.55	47.40	9,538	503
Oct	48.45	+0.07	48.45	48.45	6,991	52
Total					167,614	25,572

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	147.00	-0.25	147.25	145.75	1,851	4,652
Jun	145.25	-0.25	146.00	144.50	28,549	5,235
Jul	146.00	-	146.25	145.00	21,857	2,327
Aug	147.25	-	147.25	146.25	13,930	1,181
Sep	148.75	-0.25	148.75	148.00	5,544	324
Oct	151.75	-0.25	-	-	4,091	706
Total					98,284	10,057

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
May	2.110	+0.023	2.125	2.100	20,625	5,933
Jun	2.112	+0.013	2.120	2.100	13,060	1,387
Jul	2.105	+0.006	2.115	2.100	11,108	773
Aug	2.125	+0.010	2.130	2.115	10,493	611
Sep	2.145	+0.005	2.145	2.140	10,997	522
Oct	2.175	+0.003	2.185	2.160	6,610	190
Total					122,799	10,360

■ UNLEADED GASOLINE

NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
May	48.70	+0.09	48.85	48.20	53,929	15,374
Jun	49.05	+0.03	49.20	48.70	34,486	7,206
Jul	49.10	+0.06	49.10	48.75	18,076	2,300
Aug	48.75	+0.08	48.75	48.50	10,938	1,141
Sep	48.40	-	-	-	5,676	373
Oct	46.40	-0.22	46.80	46.40	1,217	76
Total					127,468	26,526

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	115.40	+1.90	116.00	114.25	1,350	296
Jun	116.00	+1.50	116.35	115.00	920	393
Sep	94.40	+0.80	94.00	93.90	445	17
Nov	95.65	+0.65	95.50	95.75	1,266	69
Jan	97.75	+0.80	97.50	97.25	687	33
Mar	99.10	+0.45	-	-	285	-
Total					4,973	808

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
May	331/0	-0/6	338/0	330/4	60,865	10,980
Jul	324/0	-2/0	328/4	323/2	117,430	17,265
Sep	326/2	-1/6	330/2	326/0	24,235	1,090
Dec	334/2	-2/0	338/4	333/4	27,955	2,635
Mar	336/0	-2/0	-	-	1,400	-
May	333/0	-2/0	-	-	5	-
Total					232,230	31,970

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
May	270/2	+0/4	273/2	270/0	433,185	120,165
Jul	273/6	+0/2	277/0	273/4	612,490	80,830
Sep	265/2	+0/4	268/0	265/2	138,675	6,600
Dec	257/4	+0/2	259/6	257/2	351,595	61,550
Mar	264/0	+0/2	265/6	264/0	24,230	930
May	268/2	-0/2	268/4	268/0	2,635	585
Total					1,575M	271,580

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	109.50	+0.75	109.50	109.00	147	22
Sep	94.00	-	-	-	136	-
Nov	96.25	-	-	-	104	-
Jan	98.50	+0.50	-	-	18	-
Mar	98.75	-	-	-	7	-
May	100.00	-	-	-	-	-
Total					403	22

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
May	659/6	+1/0	665/4	658/2	213,655	55,740
Jul	658/0	+1/4	663/0	657/4	253,800	88,075
Aug	652/2	+1/6	657/0	652/0	46,835	7,520
Sep	631/0	+0/4	635/4	631/0	26,880	1,130
Nov	614/6	+0/2	618/2	614/4	177,255	23,710
Jan	620/0	+0/4	623/4	620/0	13,125	575
Total					743,655	177,225

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
May	27.70	-0.08	27.87	27.63	23,639	5,461
Jul	27.60	-0.05	27.88	27.53	29,464	8,327
Aug	27.28	-	27.53	27.25	10,887	1,289
Sep	26.75	+0.03	26.82	26.72	9,911	957
Oct	25.80	+0.05	25.95	25.75	6,861	461
Dec	25.30	+0.07	25.33	25.15	14,837	2,378
Total					98,191	19,228

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
May	188.8	+1.1	189.4	188.2	22,082	4,789
Jul	188.7	+1.0	189.5	188.2	31,946	8,012
Aug	187.5	+1.0	188.4	187.1	9,184	2,562
Sep	185.5	+0.8	186.1	185.5	7,740	394
Oct	183.2	+0.4	183.7	183.0	4,091	408
Dec	181.9	+0.7	182.5	181.7	11,723	1,635
Total					88,521	17,953

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	242.0	+7.5	245.0	234.0	471	105
Jun	262.5	-	-	-	2	-
Nov	77.5	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Apr	138.8	+7.3	140.0	132.5	366	100
May	140.0	-	-	-	-	-
Total					837	205

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	1288	+3	1287	1285	986	36
May	1300	+7	1300	1285	732	75
Jun	1240	-5	1240	1230	550	18
Jul	1155	-	1155	1150	263	23
Oct	1282	+8	-	-	144	-
Jan	1325	+12	-	-	10	-
Total					2,800	152

	Close	Prev
BFI	1253	1246

Cotton

Liverpool- Spot and shipment sales amounted to 109 tonnes for the week ended 8 April, against 46 tonnes in the previous week. Improved demand brought moderate purchases mainly in Central Asian and Israeli descriptions. Benin and American growths made some headway

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	885	-1	885	880	16,190	494
Jul	902	-1	903	895	19,411	943
Sep	919	-1	920	915	12,301	114
Dec	938	-2	941	935	18,511	326
Mar	960	-2	960	958	26,323	111
May	972	-	-	-	9,874	-
Total					112,979	1,988

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
May	1125	-1	1136	1123	11,485	6,255
Jul	1147	-2	1158	1143	33,276	6,304
Sep	1170	-6	1181	1170	12,281	2,262
Dec	1208	-7	1221	1208	7,994	416
Mar	1241	-7	1253	1243	10,517	293
May	1262	-7	1274	1265	5,402	25
Total					84,518	15,666

■ COCOA (ICCO) (SDR's/tonne)

Apr 13	Price	Prev. day
Daily	888.63	889.32
10 day average	N/A	N/A

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	1518	-23	1545	1515	13,431	2,027
Jul	1483	-7	1502	1475	18,650	2,437
Sep	1465	-8	1482	1458	8,691	887
Nov	1458	-8	1472	1450	4,330	181
Jan	1454	-7	1455	1445	5,384	36
Mar	1445	-4	-	-	1,874	-
Total					52,380	5,568

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	83.05	-1.00	84.15	82.70	22,834	6,410
Jul	84.80	-0.95	86.00	84.65	24,161	6,671
Sep	86.30	-0.85	87.30	86.00	8,298	1,121
Dec	87.55	-0.95	88.50	87.50	4,363	531
Mar	88.40	-0.80	89.00	88.35	1,992	215
May	89.40	-0.80	90.20	90.20	284	-
Total					61,749	15,148

■ COFFEE (ICO) (US cents/pound)

Apr 12	Price	Prev. day
Comp. daily	82.37	81.78
15 day average	78.82	78.47

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	11.00	+0.28	10.96	10.50	559	48
Jul	11.56	+0.23	11.50	11.27	2,819	226
Oct	11.50	+0.40	11.17	10.98	242	94
Jan	11.51	-	-	-	-	-
Total					3,620	369

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	321.80	+5.80	322.50	316.00	3,049	1,572
Aug	318.10	+6.40	319.00	312.00	9,290	1,507
Oct	303.50	+8.00	305.00	296.00	6,253	323
Dec	299.50	+5.00	301.00	295.90	230	21
Mar	298.50	+4.00	300.00	293.50	732	43
May	300.00	+4.00	300.40	298.20	185	15
Total					19,944	3,482

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	10.88	+0.31	10.99	10.63	26,129	10,821
Jul	11.23	+0.27	11.33	11.02	40,344	8,528
Oct	11.10	+0.29	11.18	10.90	30,580	3,375
Mar	10.86	+0.18	10.96	10.77	14,835	1,500
May	10.93	+0.18	11.01	10.85	2,007	75
Jul	10.96	+0.18	10.95	10.90	1,103	37
Total					115,359	24,806

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	79.84	+1.79	80.05	77.70	15,906	6,719
Jul	79.45	+1.06	79.45	78.00	16,429	4,953
Oct	75.30	+0.72	75.80	74.80	3,410	251
Dec	72.95	+1.07	72.95	72.21	15,307	2,001
Mar	73.75	+1.10	73.75	73.17	871	31
May	73.90	+0.57	73.90	73.50	336	-
Total		1			52,317	13,955

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	103.35	-0.20	104.15	103.30	6,386	20
Jul	106.25	-0.30	107.00	106.10	8,554	40
Sep	108.75	-0.30	109.60	109.50	2,158	11
Nov	109.25	-0.25	-	-	1,157	40
Jan	110.75	-0.25	110.50	110.50	2,105	38
Mar	112.75	-0.25	-	-	513	52
Total					20,873	201

VOLUME DATA

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Apr 13	Apr 12	month ago	year ago
1816.1	1820.9	1824.3	1665.2

■ CRB Futures (Base: 4/9/56=100)

Apr 12	Apr 11	month ago	year ago
222.63	222.13	229.31	211.84

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	76.750	+0.025	76.850	76.525	11,509	4,785
Jun	73.150	-0.275	73.450	72.975	30,814	12,669
Aug	71.550	-0.175	72.125	71.850	13,103	1,695
Oct	73.025	-0.175	73.250	72.950	10,496	638
Dec	73.300	-0.150	73.425	73.250	4,244	1,765
Feb	73.050	-0.150	73.250	73.050	1,856	42
Total					72,273	21,583

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	45.450	-0.600	46.150	45.350	1,533	963
Jun	51.675	-0.725	52.400	51.550	16,858	2,812
Jul	50.875	-0.550	51.475	50.700	5,643	981
Aug	49.075	-0.650	49.750	49.000	3,049	449
Oct	44.675	-0.600	45.500	44.800	1,927	172
Dec	45.275	-0.525	45.850	45.250	2,403	102
Total					31,868	5,607

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	52.550	-1.675	54.000	52.450	4,710	1,436
Jul	53.400	-1.275	54.450	53.050	4,572	1,184
Aug	51.075	-1.150	52.300	51.000	696	169
Feb	56.350	-0.600	56.500	55.500	118	12
Mar	55.200	-0.700	-	55.200	13	4
May	56.700	-1.000	56.700	56.500	20	4
Total					10,129	2,795

LONDON TRADED OPTIONS

Strike price $ tonne —— Calls —— —— Puts ——

■ ALUMINIUM (99.7%) LME	Jun	Aug	Jun	Aug
1300	42	66	32	42
1325	30	53	45	54
1350	21	42	60	68
■ COPPER (Grade A) LME	**Jun**	**Aug**	**Jun**	**Aug**
1850	71	94	27	45
1900	44	67	50	68
1950	25	46	80	96
■ COFFEE LCE	**May**	**Jul**	**May**	**Jul**
1300	218	191	-	8
1350	168	149	-	16
1400	118	112	-	29
■ COCOA LCE	**May**	**Jul**	**May**	**Jul**
875	15	51	5	24
900	4	38	19	36
925	1	27	41	50
■ BRENT CRUDE IPE	**May**	**Jun**	**May**	**Jun**
1400	-	62	-	18
1450	12	35	2	37
1500	1	22	-	73

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jun)

		+or-
Dubai	$13.36-3.45y	+0.04
Brent Blend (dated)	$14.88-4.90	+0.025
Brent Blend (Jun)	$14.54-4.56	-0.015
W.T.I. (1pm est)	$15.79-5.82y	-0.005

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

		+or-
Premium Gasoline	$166-168	
Gas Oil	$151-153	+0.5
Heavy Fuel Oil	$68-70	+1
Naphtha	$139-141	+1
Jet Fuel	$163-165	

Petroleum Argus Estimates

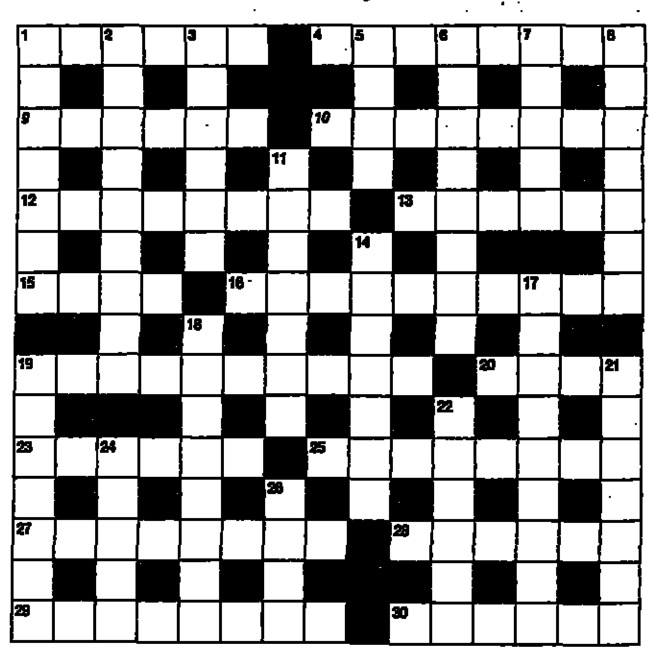
■ OTHER

		+or-
Gold (per troy oz)♣	$378.20	+0.20
Silver (per troy oz)♣	530.50c	+1.5
Platinum (per troy oz.)	$398.50	+3.0
Palladium (per troy oz.)	$132.00	-0.75
Copper (US prod.)	91.00c	
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.45r	+0.13
Tin (New York)	253.50c	-1.5
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	127.32p	-1.00*
Sheep (live weight)†♠	145.70p	-6.15*
Pigs (live weight)	76.30p	-2.45*
Lon. day sugar (raw)	$258.70	-3.3
Lon. day sugar (wte)	$319.00	-4.3
Tate & Lyle export	£286.00	-4.0
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£137.5	
Wheat (US Dark North)	£160.0x	-5
Rubber (May)♥	69.00p	-1.5
Rubber (Jun)♥	69.25p	-1.5
Rubber(KL RSS No1 Apr)	254.00m	-1.0
Coconut Oil (Phil)§	$550.0t	+5.0
Palm Oil (Malay.)§	$417.5w	+2.5
Copra (Phil)§	$359.0	
Soyabeans (US)	£204.0	
Cotton Outlook A Index	83.20c	+0.80
Wooltops (64s Super)	397p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Mar/Apr. y Jun. w May. t May/Jun. x Apr/May. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,428 Set by DANTE



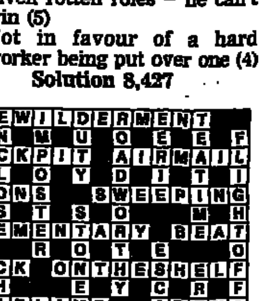
ACROSS

1 Get a seat when prepared to stand (6)
4 Four repeatedly out rustling (4-4)
9 Literary type with a leaning to the right (6)
10 Distributes striking proclamation (5,3)
12 Turning a list into new form (8)
13 Device for making bits smaller, or larger, we hear (6)
15 Temporarily leave the football pitch (4)
16 Traffic prohibited by law (10)
19 Commanding individuals with important roles to play (7,3)
20 A slack return in fielding (4)
23 Farewell, thank you for the dance (6)
25 Motorists waiting for a chance to pass (8)
27 Like a shattering snore by a worker? (8)
28 He hopes to find you well (6)
29 Handed over and retired (6,2)
30 Ordinary seaman has to look after Belgian port (6)

DOWN

1 Sole support for a jockey (7)
2 A riot breaks out about fresh tart in foreign restauraant (9)
3 Turns out not to one's choice (6)
5 Switch round a route (4)
6 Basically, it's intended to make one's pile last longer (8)
7 Rod, pole or perch (5)
8 Said to have issued currency (7)
11 Term used in a division, or in a branch, of local government (7)
14 Soaked in the deepest concoction (7)
17 One at the receiving end (9)
18 I'd take up a position some way away (8)
19 It was in form when young (7)
21 Determined – though certain to come in last (7)
22 New wars or old weapons (6)
24 Given rotten roles – he can't win (5)
26 Not in favour of a hard worker being put over one (4)

Solution 8,427



JOTTER PAD

صكذا من الاصل

LONDON STOCK EXCHANGE

MARKET REPORT

Special deals dominate a weaker share market

By Terry Byland, UK Stock Market Editor

A handful of special situations kept traders occupied in the London stock market yesterday, and the broader range of equities was left to drift lower behind a weakening government bond sector. The placing by Transamerica International of its 21 per cent stake in Sedgwick Group, Britain's largest insurance broker, boosted trading volume. Sedgwick and four other stocks accounted for around 37 per cent of the day's total business in equities; without these deals, it would have been a thinly-traded day.

Although firm at first, London succumbed to a general malaise in European markets after the fixed repo tender in the German money markets brought only a modest dip in rates, leaving investors to wait for news from the Bundesbank's policy meeting this morning.

London flagged towards the close when Wall Street was 11 Dow points down early in its new trading session. Statistics on US retail sales and consumer prices, while favourably received, gave markets little encouragement.

At the final reading, the FT-SE 100 Share Index showed a fall of 13.3 at 3,145.8, virtually the low of the day. The FT-SE Mid 250 Index closed at 3,801.2 for a net fall of 7.1 as the second line stocks reacted to the overall lack of support but without seeing much genuine investment activity.

The day's Seaq volume totalled 885m shares compared with 907.8m in the previous session, when retail business was worth a healthy £1.87bn. The lion's share of yesterday's volume figure consisted of 236m shares traded in Sedgwick as Morgan Stanley and S.G. Warburg placed the share stake they had taken aboard from Transamerica. The shares were placed successfully with a range of institutions in a smoothly-handled operation.

Hints of an impending rights issue were confirmed when Lasmo, the oil exploration and production group, called for £219m from shareholders. The move had been predicted and the share price held up comfortably. Market specialists believe that other rights issues from UK companies are waiting in the pipeline and will be brought forward when market conditions are judged appropriate.

Weakness among insurance stocks towards the end of the session bore down on the Footsie since many of these are components of the index. Traders believed that the dip in share prices reflected liquidation of a life assurance sector investment fund. The rest of the blue chip sectors lacked support. After rising sharply last week on revived optimism on crude oil prices, oil shares extended the minor losses suffered in the previous session. Pharmaceuticals gave little support to the market.

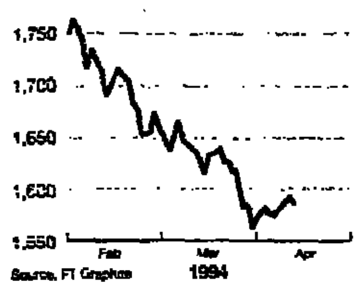
Strategists expressed some disappointment with the relatively weak performance by UK equities yesterday. In particular, analysts pointed to the inability of UK shares to escape the influence of British government bonds. The immediate outlook for interest rates appears uncertain, with markets not looking for too much from the Bundesbank today. At best, the stock market is looking for a cut in the Bundesbank's Lombard Rate and will be pleasantly surprised if the Discount rate is cut at this stage.

Kleinwort Benson Securities, the UK securities and investment house, reiterated its belief that UK base rates will fall to 4.75 per cent by the end of the year, although it judges the likelihood of 4.5 per cent rates to have receded.

Account Dealing Dates		
*First Dealings: Mar 28	Apr 11	Apr 25
Option Declarations: Apr 7	Apr 21	May 12
Last Dealings: Apr 8	Apr 22	May 13
Account Day: Apr 18	May 3	May 23

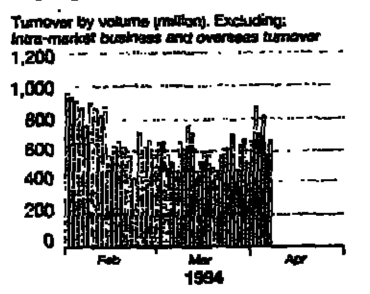
*New time dealings may take place from two business days earlier.

FT-SE-A All-Share index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3145.8	-13.3	FT Ordinary index	2483.7	-7.0
FT-SE Mid 250	3801.2	-7.1	FT-SE-A Non Fins p/e	20.69	(20.75)
FT-SE-A 350	1598.2	-5.9	FT-SE 100 Fut Jun	3141.0	-29.0
FT-SE-A All-Share	1588.59	-5.36	10 yr Gilt yield	7.68	(7.62)
FT-SE-A All-Share yield	3.66	(3.65)	Long gilt/equity yld ratio:	2.18	(2.17)

Best performing sectors

1 Breweries ... +0.8
2 Extractive Inds ... +0.8
3 Textiles & Apparel ... +0.4
4 Building Mats ... +0.4
5 Engineering, Vehicles ... +0.3

Worst performing sectors

1 Insurance ... -2.1
2 Gas Distribution ... -1.9
3 Water ... -1.6
4 Telecommunications ... -1.4
5 Oil Exploration ... -1.3

Sedgwick dips on placing

By far the day's biggest event on the London market, the placing of a 21 per cent stake in Sedgwick, the UK's biggest insurance broker, took place within an hour of the market opening.

The stake, 114.5m shares, was sold by Transamerica International, the US group, to Morgan Stanley, the US investment bank, and SG Warburg Securities for 191p a share and subsequently placed with a number of UK, European and US institutions at 193p a share, giving the two purchasers of the stock a profit of around £230,000 on the deal.

Insurance analysts said much of the stock was preplaced by the two brokers after the market closed on Tuesday and the remainder easily placed early yesterday.

Transamerica has been keen to exit the property and casualty insurance industry for some time and moved quickly to take advantage of the recent upturn in the insurance broking sector.

Sedgwick shares dipped to 196p following the placing and later edged up to close a net 15 off at 198p. Turnover reached 236m shares.

Lasmo cash call

There were very few raised eyebrows in the oil sector of the market as Lasmo confirmed recent strong speculation of a big rights issue to bolster the group's balance sheet and help fund the development of new projects.

Lasmo shares dipped to 125p as the cash raising operation news emerged but later stabilised to close only a penny off at 128p. The market took the news reasonably well although it was pointed out that many of the big US investment houses were seen to be offering Lasmo stock during the afternoon; "the US response to the issue will be crucial," said one leading UK broker.

Strauss Turnbull said the market had heaved a sigh of relief at the appearance of the rights issue and advised holders to "take up their rights, but exploit any short term enthusiasm in the shares," which it described as "over-rated stock in an over-rated sector."

Goldman Sachs, on the other hand, focused on Lasmo's cash multiple saying: "If Lasmo were to trade on a comparable multiple to the US companies in 1996 the share price would have to rise to 191p. In the aftermath of the rights issue the stock overhang may lead to a dull performance but in the longer term we continue to rate Lasmo a market outperformer."

RMC was one of the FT-SE 100's star performers after the building materials group delivered top of the range preliminary figures, including a 5 per cent increase in the dividend. Analysts had been split on the likelihood of an increase in the payment. The 21p total was the most optimistic forecast in the market. RMC shares rose 16, or 1.7 per cent, to 966p, after 972p. Turnover was 938,000 shares.

Aerospace and medical equipment group Smiths Industries jumped 15 to 485p, in trade of 1.7m after it reported an increase in interim profits. A slight adjustment in full year expectations was made by several brokers. These included NatWest Securities which moved its forecast from £113.5 to £114.5m saying "it was a creditable performance from Smiths." However, Mr Paul Compton at Credit Lyonnais was more cautious and said: "underlying sales growth is minimal and margins are already 14 per cent so I see no further upside."

British Airways shed 5 to 439p, on fears of increased competition following the announcement of a transatlantic partnership between Virgin Atlantic and US carrier Delta Air Lines.

Chemicals group BOC slid 15 to 686p as Hoare Govett reiterated its sell stance arguing that competitive prices and low inflation would lead to "pedestrian growth".

W.Canning improved 2 to 180p, reacting to a recent buy note from Smith New Court. Turnover in Takare the nursing homes group leapt to 25m. Shortly before the market closed the group announced that Mr Dev Pritchard, the former deputy chairman and co-founder of the company, had sold 12.5m shares or 10 per cent of the company reducing his holding to a nominal 97,456 shares. The stake was placed with UK and US institutions by Credit Lyonnais Laing at 249p a share and the underlying share price held steady at 258p.

Claremont Garments shares began trading in their new form following the offer for Magellan Industries becoming unconditional. The stock fell 5 to 365p.

Marks and Spencer added 2½ to 424p with UBS said to have upgraded profit expectations. Speculative buying again boosted turnover in Brown & Jackson, 40m shares being turned over, with the price steady at 5¾p.

The potential break-up price put on Thorn EMI by UBS continued to excite the shares, advancing 12 to 1156p.

Tour operators were in demand following reports of new charter destinations. Airtours was further buoyed on continued talk of takeover ambitions, with a Swedish travel group said to be favourite. The shares gained 10 to 496p. Owners Abroad added 3½ to 117½p.

Pizza Express steadied at 123p as it was revealed that the chairman had sold 2m shares – or 3.8 per cent of the company – at 120p a share. They were placed with institutional clients by Greig Middleton and Credit Lyonnais Laing.

A return to profits by the Savoy hotel group saw the shares edge forward 5 to 1130p.

The departure of the finance director at HP Bulmer, the cider maker, saw the shares slide 8 to 400p. Big switching was reported between Grand Metropolitan, off 13 at 465p, and Guinness, 6½ up at 469p.

Reuters Holdings recovered 24 to 1980p with Henderson Crosthwaite, the agency broker, arguing that Monday's share split will add 50p to the share price.

Mirror Group added 2 at 178p and Euromoney 8 at 1643p as Kleinwort Benson reiterated its support for the two companies as "cheaper advertising linked businesses".

Other big moves

A profit warning from Sims Food, the meat and poultry supplier, sent the shares sharply lower, closing 21 down at 82p. The company said gross margins had come under unexpected pressure in the first quarter but that it expected to make a small profit for the year as a whole.

MARKET REPORTERS: Joel Kibazo, Peter John, Christopher Price, Steve Thompson.

■ Other statistics, Page 20

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (40).

BANKS (3) Fuji, Sanwa, Toka, BREWERIES (1) Irish, BLDG MATLS & MCHTS (2) Kingspan, St. Gobain, CHEMICALS (1) Euro Colour, DISTRIBUTORS (2) Burncene, Dennans, DIVERSIFIED INDLS (1) Mitsubishi, ELECTRNC & ELECT EQUIP (3) MTL, Matsushita, NEC, ENGINEERING (8) Brit Steel, Davis ..., Kelsey, Six Hundred, Thyssen, Wellman, EXTRACTIVE INDS (2) Glencar, Monarch Res., HOUSEHOLD GOODS (1) Portmeirion Potts, INVESTMENT TRUSTS (1) IAF, LEISURE & HOTELS (1) Thorn EMI, MEDIA (2) Euromoney Pubs, Metal Bulletin, OIL EXPLORATION & PROD (1) Sun Res, OTHER FINANCIAL (1) Western Select..., OTHER SERVS & BUSNS (1) Chilington, PRTNG, PAPER & PACKG (3) Bunzl, Fortis, Smith (D.S.), PROPERTY (1) Asset, RETAILERS, FOOD (1) Park Food, TEXTILES & APPAREL (2) Dewhirst, Dinkie Heel, TRANSPORT (3) Bergesen, National Express, P & O Steps Prf., AMERICANS (1) Chase Manhattan.

NEW LOWS (58).

GILTS (1) OTHER FIXED INTEREST (1) BREWERIES (2) Morland, Utd Breweries, BUILDING & CNSTRN (1) Avonside, BLDG MATLS & MCHTS (1) Anglian, DISTRIBUTORS (2) Central Motor Auctions, Farnell, DIVERSIFIED INDLS (1) Charter, ELECTRICITY (1) Natl Power, ELECTRNC & ELECT EQUIP (1) Dale, ENGINEERING (1) Oxford Insts, EXTRACTIVE INDS (5) Free State Dev., Kinross, Minmet, Northam Platinum, Portman, FOOD MANUF (2) Hazlewood, Sims Food, GAS DISTRIBUTION (1) British Gas, INSURANCE (1) Fenchurch, INVESTMENT TRUSTS (4) Baring Emrg Euro, Pantheon Intl, Throgmorton Prfd, Wigmore Prop, INVESTMENT COMPANIES (1) Latin Amer Extra Yield, LIFE ASSURANCE (3) Lincoln Natl, Lloyds Abbey, Utd Friendly B, MEDIA (1) Allied Radio 8pc Ln 2001, OIL EXPLORATION & PROD (1) Global Natural Res, OTHER FINANCIAL (1) Smith New Court Prf., PHARMACEUTICALS (4) Ciba, Lilly (E), Smithkline Beecham A, Do. Units, PROPERTY (2) Dencora, Development Secs, RETAILERS, FOOD (2) Brake Bros., Regina, RETAILERS, GENERAL (2) Christies, WEW, SUPPORT SERVS (3) Lep, Micro Focus, Misys, TEXTILES & APPAREL (1) Leeds, WATER (3) Severn Trent, South West, Welsh, AMERICANS (6) Dun & Bradstreet, Echlin, Ford Motor, Lockheed, Morris (P), Pennzoil, CANADIANS (2) American Barrick Res, Canadian Imperial Bank, SOUTH AFRICANS (1) Gold Fields Prop.

EQUITY FUTURES AND OPTIONS TRADING

Weakness in UK gilts caused a reversal of early gains in stock index futures which in turn pulled the underlying cash market lower, writes Joel Kibazo.

Buyers of the June contract on the FT-SE 100 saw it advance to 3,178 in early trading. However that early buying ran out of steam as dealers waited for the US Consumer Prices Index figures and a mood of caution set in ahead of today's Bundesbank Council meeting.

The release of the US data over the lunch time period had little impact to trading but it was the continuing weakness in bonds that brought the afternoon falls in the contract as Wall Street also came off sharply.

June finished at 3,141, down 29 on its previous close and at a significant discount to cash. Dealers said the volume of 10,673 at the official close was an indication of a lack of willingness to deal amidst the uncertainty.

The Liffe FT-SE mid 250 finished at 3,790 after trading 50 contracts.

Turnover in the traded options was 42,209 lots against Tuesday's total of 47,125 lots. The FT-SE 100 option traded 14,847 lots and the Euro FT-SE 100 option which was particularly busy saw business of 7,5 17 contracts.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3167.0	3141.0	-29.0	3178.0	3127.0	12639	54286
Sep	3159.0	3159.5	-27.5	3159.0	3159.0	1	671
Dec	-	3172.0	-29.0	-	-	0	10

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3790.0	3790.0	-15.0	3790.0	3790.0	50	2749

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3805.0	3795.0	-10.0	3805.0	3790.0	29	861

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3145) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
Apr	195½	½	145½	½	95½	½	48½	4½	10	22½	2	65½	½	116½	½	166½
May	203½	15	162½	23	128½	35½	90½	53	63½	75	42	105½	25	139½	15	177½
Jun	229	29	182	42	146½	56	115½	75½	88	97	66	125	48½	155	33	191½
Jul	234½	42½	199½	58½	164½	74½	137	93	108½	114	85½	142	66	171½	50½	205
Dec†			274½	112½			216	150			161	194			115	247

Calls 8,618 Puts 6,604

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P
Apr	169½	½	110½	½	61½	1½	23½	11½	4	42½	½	91	½	141	½	191
May	185½	22½	146	32½	110	46	78	64	53	89	34	120	21	156	12	197
Jun	198½	32	160	45	127	61½	98½	83	74½	108	55	138	39½	172	27½	209½
Sep			214½	83			155	121½			197	171			78	232
Dec†			268	113½			195½	150			145	116			186	253½

Calls 3,000 Puts 4,627 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3850		3900		3950		4000	4050	4100	4150	4200
Apr	3	70	½	109	½	159½	209	259½	309		

Calls 0 Puts 25 Settlement prices and volumes are taken at 4.30pm.

FT - SE Actuaries Share Indices — The UK Series

	Apr 13	Day's chge%	Apr 12	Apr 11	Apr 8	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3145.8	-0.4	3158.1	3149.4	3120.8	2842.1	3.87	6.24	19.31	33.61	1167.22
FT-SE Mid 250	3801.2	-0.2	3808.3	3779.5	3755.5	3092.7	3.23	5.30	23.26	30.07	1391.46
FT-SE Mid 250 ex Inv Trusts	3817.8	-0.2	3825.9	3797.3	3772.7	3107.9	3.35	5.71	21.78	30.71	1393.26
FT-SE-A 350	1598.2	-0.4	1604.1	1597.5	1584.0	1409.9	3.72	6.02	20.12	16.04	1213.48
FT-SE SmallCap	[illegible]										
FT-SE SmallCap ex Inv Trusts	[illegible]										
FT-SE-A ALL-SHARE	1588.59										

■ FT-SE Actuaries All-Share

10 MINERAL EXTRACTION(18), 12 Extractive Industries(4), 15 Oil, Integrated(3), 16 Oil Exploration & Prod(11), 20 GEN MANUFACTURERS(283), 21 Building & Construction(31), 22 Building Matls & Merchs(32), 23 Chemicals(21), 24 Diversified Industrials(16), 25 Electronic & Elect Equip(34), 26 Engineering(71), 27 Engineering, Vehicles(12), 28 Printing, Paper & Packg(27), 29 Textiles & Apparel(21), 30 CONSUMER GOODS(95), 31 Breweries(17), 32 Spirits, Wines & Ciders(10), 33 Food Manufacturers(23), 34 Household Goods(13), 36 Health Care(20), 37 Pharmaceuticals(11), 38 Tobacco(1), 40 SERVICES(230), 41 Distributors(31), 42 Leisure & Hotels(22), 43 Media(38), 44 Retailers, Food(17), 45 Retailers, General(44), 48 Support Services(40), 49 Transport(18), 51 Other Services & Business(10), 60 UTILITIES(38), 62 Electricity(17), 64 Gas Distribution(2), 66 Telecommunications(4), 68 Water(13), 69 NON-FINANCIALS(632), 70 FINANCIALS(103), 71 Banks(10), 73 Insurance(18), 74 Life Assurance(6), 75 Merchant Banks(8), 77 Other Financial(24), 79 Property(39), 80 INVESTMENT TRUSTS(122), 89 FT-SE-A ALL-SHARE(857) — [figures illegible]

■ Hourly movements

Open, 9.00, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.10, High/day, Low/day — FT-SE 100, FT-SE Mid 250, FT-SE-A 350 [figures illegible]

■ FT-SE Actuaries 350 Industry baskets

Open, 9.00, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.10, Close, Previous, Change — Bldg & Cnstrcn, Pharmaceuticals, Water, Banks [figures illegible]

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	3,700	58½	-1
Abbey National†	1,800	489	
Albert Fisher	1,100	60	-1
Allied-Lyons†	4,100	552	+2
Anglian Water	572	495	-11
Argos	256	435	+2
Argyll Group†	3,500	248	-5
Arjo Wiggins†	1,300	281	-1
Assoc. Brit. Foods†	114	599	-7
Assoc. Brit. Ports	17	554	+5

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		May	Aug	Nov	May	Aug	Nov
Eastern Elec	600	51	64	72	3½	17½	25
(*645)	650	17	33	43½	19	41	49
Guinness	460	22	37	49½	9	21	29½
(*468)	500	6	19	30½	34½	44½	52
GEC	300	20	28	31	3	11	16
(*314)	330	3½	10	16	18	30	33
Rolls-Royce	180	12	19½	24½	5	11½	16
(*188)	200	3½	11	15	17	23	27½

* Underlying security price. Premiums shown are based on closing offer prices.
April 13, Total contracts: 42,405 Calls: 21,615 Puts: 20,790

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	60	12
Other Fixed Interest	7	5	3
Mineral Extraction	79	54	69
General Manufacturers	145	133	394
Consumer Goods	50	37	105
Services	109	107	302
Utilities	5	30	11
Financials	107	71	200
Investment Trusts	124	62	286
Others	53	51	39
Totals	681	610	1421

Data based on those companies listed on the London Share Service.
The Traditional Options table appears on the Currencies and Money page in todays edition.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	40.4	102	98	Abtrust High Inc	101	-½	-	-	-	-
135	F.P.	40.9	142	134	Applied Distbn	135		WN3.6	2.4	3.3	15.9
100	F.P.	11.1	89	85	Baronsmead Inv	87		-	-	-	-

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
25	Nil	-	9½pm	9pm	Guinness Peat	9½pm	+½
25	Nil	9/5	2½pm	¾pm	Hollas	¾pm	
33	Nil	17/5	6pm	4pm	IAF	4½pm	+½
58	Nil	24/5	5pm	4pm	McCarthy & Stone	5pm	+1
100	Nil		8pm	4pm	Mowlem	8pm	+3
40	Nil	20/5	5pm	4pm	Oliver Prop	4pm	
282	Nil	13/5	10pm	2½pm	Persimmon	9pm	
280	Nil	20/4	18pm	1½pm	Proteus Intl	1½pm	-½
60	Nil	9/5	10pm	8pm	Proudfoot	9pm	
115	Nil	11/5	12½pm	3½pm	Senior Eng	10½pm	+1½
45	Nil	26/5	6¼pm	3½pm	Shandwick	3½pm	-1½
72	Nil	11/5	15pm	8pm	Stakis	15pm	+1½

FINANCIAL TIMES EQUITY INDICES

	Apr 13	Apr 12	Apr 11	Apr 8	Apr 7	Yr ago	*High	*Low
Ordinary Share	2483.7	2490.7	2498.4	2487.3	2474.9	2199.2	2713.6	2439.2
Ord. div. yield	3.73	3.73	3.73	3.77	3.78	4.21	3.82	3.43
Earn. yld. % full	5.09	5.09	5.08	5.13	5.13	6.31	5.21	3.82
P/E ratio net	21.33	21.33	21.34	21.13	21.17	19.67	33.43	20.85
P/E ratio nil	22.21	22.21	22.21	22.00	22.07	18.37	30.80	21.73

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2491.1	2492.9	2489.1	2493.1	2490.4	2487.8	2485.6	2482.8	2485.4	2495.1	2481.8

	Apr 13	Apr 12	Apr 11	Apr 8	Apr 7	Yr ago
SEAQ bargains	25,072	29,749	27,695	33,263	28,012	26,830
Equity turnover (£m)†	-	1865.6	1347.5	1792.5	1657.3	1414.7
Equity bargains†	-	33,830	32,820	38,392	34,840	31,169
Shares traded (ml)†	-	875.9	575.1	814.1	713.9	739.3

† Excluding intra-market business and overseas turnover.

FT GOLD MINES INDEX

	Apr 12	% chg on day	Apr 11	Apr 8	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1882.30	+0.0	1881.41	1862.21	1302.77	1.93	2367.40	1280.30
■ Regional Indices								
Africa (15)	2327.92	+1.0	2304.45	2515.02	1711.71	5.63	3440.80	1488.27
Australasia (8)	2608.48	-0.8	2628.26	2627.88	1371.65	1.43	3013.89	1371.65
North America (11)	1640.86	-0.1	1642.96	1700.85	1177.42	0.57	2039.65	1177.42

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Figures in brackets show number of companies. Basis US Dollars. Base values: 1000.00 31/12/92. Predecessor Gold Mines Index: Apr 13: 190.8 ; day's change: +5.6 points; Year ago: 111.6 † Partial Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or −	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£23⅔	+⅛	£25⅓	£22⅔	6,630	4.7	ϕ
ANZ A$		239	+¼	278¼	220½	3,127	3.8	18.0
Abbey National	N□	489xd	—	523	463	6,153	3.7	15.6
Allied Irish I£	ϕ□	253xd	+2	314	241	1,887	4.9	ϕ
Anglo Irish I£	M□	66	—	*78	58	192.7	7.7	10.2
Asahi Y		712¾	−9	799¼	638	16,598	0.7	−
Banco Bil Viz Pta		£19⅞	—	£16⅞	£14⅝	3,484	5.5	6.8
Banco Sant Pta		£31⅛	—	£34⅝	£29⅔	3,613	4.3	12.1
Bk Ireland I£	ϕxc□	263	—	*319	246	1,239	4.7	19.4
Bank Scotland	ϕ†□	188	—	247	183	2,188	3.1	25.5
9¼pc Pf		128¼	—	141½	128½	128.2	9.0	−
9¼pc Pf		136¼	—	148½	131½	136.2	9.0	−
Barclays	N□	522xd	−5	640	487	8,477	3.8	21.6
Dai Ichi Kan Y		£12¾	+⅜	£12⅔	£10⅝	39,475	0.4	70.0
Deutsche DM		£315⅔	+2⅔	£344¼	£298¼	15,027	1.9	−
Espirito Santo		£20⅔	−⅓	£26½	£19¼	222.9	3.8	5.0
First Nat Fin	N□	72	—	*90	60	119.3	2.6	−
6.3pc Cv Pf		84	—	*90	77	5.65	9.4	−
7pc Cv Pf		149	—	171	123	70.7	5.9	−
Fuji Bank Y		1497¼	+29¼	1506½	1152½	43,350	0.4	−
HSBC HK	□	818xd	−1	1133	749	14,384	3.6	ϕ
HSBC (75p Shs)	□	803xd	−2	1113	733	6,793	3.7	ϕ
Lloyds	N□	558xd	−2	660	540	7,170	5.0	11.8
Mitsubishi Y		£18½	−⅓	£18⅔	£15⅝	53,983	0.3	−
Mits Tst & Bk Y		1029⅓	+12¾	1034¼	887½	13,409	0.5	16.5
Mitsui Tst & Bk Y		785	+4	811¼	514	9,165	0.7	28.1
Nat Aust A$		675½	+4	680¼	537¼	7,584	4.1	14.0
NatWest	N□	484xd	−2	622	446	8,048	4.8	11.1

[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

ENGINEERING, VEHICLES - Cont.

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£22¼	—	£23½	£13½	1,329	3.3	18.2
Barlow		£3¾	—	£4⅝	£3½	736.3	8.7	6.8
Gold Flds Prop R		79	-4	105	79	8.08	12.8	7.0
MK Props	s	95	—	95	88	3.62	9.9	37.0
SASOL		280	-7	381	280	1,536	5.5	–
SA Brews		£19⅛	+⅛	£15⅛	£10	5,488	2.7	16.8
Tiger Oats		550	+12	838	536	826.2	3.0	11.8
Tongaat-Hulett	†	481	-2	589	434	367.5	3.0	13.7

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the *Stock Exchange Automated Quotation system (SEAQ)* and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † *Interim since increased or resumed*
- ‡ Interim since reduced, passed or deferred
- ‡‡ Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under *Rule* 535(2)
- Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ‡ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other *official estimates.*
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on *prospectus or other* official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on *prospectus or other* official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on *prospectus or other* official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current *annual/interim* report of any company annotated with ♣. *Please quote the code FT7844. Ring* 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See *Monday's share price pages for details.*

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

T.U. Fund Managers Limited (1200)H

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

OTHER UK UNIT TRUSTS

INSURANCES

Abbey Life Assurance Co Ltd

Abbey National Life Plc

Acuma Life Assurance Ltd

Canada Life Group

Century Life Plc

Eagle Star Life Assurance Co Ltd

Hill Samuel Life Assur. Ltd

Lincoln National - Contd.

NPI

Providence Capital Life Assc. Co Ltd - Contd.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Scottish Amicable

150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds (First Series)				
Managed	467.9	492.6	-0.80	-
Equity	678.1	606.6	-4.10	-
Property	288.5	303.7		-
International	480.4	505.7	-0.10	-
Japanese	131.8	138.8	+0.80	-
Asia Pacific	180.7	190.7	-0.10	-
European	133.2	140.3	-0.10	-
American	158.6	167.0	-1.70	-
Fixed Interest	365.9	385.2	-1.30	-
Index-Linked Gilt	196.4	206.8	-0.80	-
Cash	225.5	237.4	+0.10	-
Life Funds (Second Series)				
Managed	130.8	137.7	-0.20	-
Equity	124.8	131.4	-0.90	-
Property	121.6	128.1		-
International	149.1	157.0		-
Japanese	132.7	139.7	+0.60	-
Asia Pacific	186.8	196.7	-0.10	-
European	132.7	139.7	-0.10	-
American	155.7	163.9	-1.50	-
Fixed Interest	138.2	145.5	-0.50	-
Index-Linked Gilt	126.1	132.8	-0.50	-
Cash	112.3	118.3	+0.10	-
Pension Funds				
Building Society	179.9	189.4		-
Managed (Init)	260.5	274.3	-0.80	-
Managed (Acc)	542.3	570.9	-1.50	-
Equity (Init)	286.7	301.8	-1.10	-
Equity (Acc)	596.8	628.3	-2.00	-
Property (Init)	175.8	185.1	-0.10	-
Property (Acc)	366.1	385.4	+0.10	-
International (Init)	274.3	288.8	-0.80	-
International (Acc)	571.0	601.1	-1.10	-
Fixed Interest (Init)	229.9	242.1	-1.00	-
Fixed Interest (Acc)	478.8	504.0	-1.70	-
Cash (Init)	152.2	160.3		-
Cash (Acc)	317.0	333.7	+0.10	-
Exempt Emerging Cos	87.70	92.40	+0.30	-
Exempt Established Cos.	91.90	96.80	-0.10	-
Exempt Japanese	104.1	109.6	+0.7	-
Exempt Asia-Pacific	89.10	93.80	-0.10	-
Exempt European	97.10	102.3	-0.3	-
Exempt American	90.20	95.00	-1.3	-
Others				
Capital Guarantee Bond	109.9	115.7	-0.20	-

Scottish Equitable plc

28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	256.3	269.8	+0.2	-

Standard Life Assurance Company

3 George St, Edinburgh EH2 2XZ 031-225 2552

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	704.4	741.5	-3.6	-
Equity	991.7	1043.9	-6.4	-
Fixed Interest	391.8	412.5	-2.2	-
Index-Linked	207.1	218.1	+0.1	-
International	639.0	672.7	-1.7	-
North American	142.4	149.9	-0.8	-
Far East	181.2	190.8	+0.2	-
European	175.3	184.6	-0.9	-
Property	351.5	370.1		-
Cash	263.7	277.6	+0.1	-
Pension Managed	988.6	1040.7	-4.8	-
Pension Stock Exchange	222.9	234.7	-1.2	-
Pension Equity	1425.7	1500.8	-8.3	-
Pension Fxd Int	532.1	560.2	-2.7	-
Pension Index-Linked	286.9	302.0	+0.1	-
Pension International	885.2	932.9	-3.8	-
Pension Property	470.3	495.1	-0.1	-
Pension Cash	408.0	429.5		-
Pension Nth American	177.4	186.8	-1.4	-
Pension Far East	146.3	154.0	-0.2	-
Pension European	211.3	222.5	-1.1	-

Sun Alliance Group

St Mark's Court Horsham 0403 232323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed	666.4	701.5	-2.1	-
Deposit	290.2	305.5		-
Equity	866.6	912.2	-3.7	-
Equity Income	233.6	245.8	-2.4	-
European	174.6	183.8	-0.9	-
Far East	245.4	258.4	+0.8	-
Fixed Interest	411.5	433.2	-1.8	-
Index Linked	312.3	328.8	+0.1	-
International	651.1	685.4	-0.5	-
North America	245.1	258.3	-2.3	-
Property	514.6	541.7	+0.8	-
Worldwide Bond	157.6	165.9	-0.3	-
International Bond		266.78	+0.95	-
UK Leader	115.3	121.4	-0.8	-
Broker Funds				
Chesnara Private Managed	111.5	117.2	-0.3	-
IAS Emerging Markets	121.4	127.8	+0.3	-
IAS Medium	101.6	107.0	+0.7	-
IAS Low Risk	88.00	92.70	+1.40	-
IAS Discretion	188.6	198.5	+2.0	-
IAS Maximum	231.2	243.4	+1.8	-
Index Control Monitor	107.4	113.1	-0.1	-
Index Selective Growth	229.7	241.8	+3.3	-
Index Worldwide Growth	257.3	270.8	-1.5	-
Moneyhill Growth	264.6	278.6	+0.2	-
Radcliffe Trustees	136.8	148.3	-0.4	-
Pension Funds				

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IRELAND (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

MARKETS REPORT

Dollar loses ground

The unexpected decision by *UK officials to release the minutes of the monthly monetary* policy meeting between the Bank of England and the Treasury provided some late afternoon excitement yesterday, *writes Philip Gawith.*

Sterling fell by half a pfennig when confirmation emerged that the chancellor, Mr Kenneth Clarke, and the governor of the Bank, Mr Eddie George, had differed in their approach to the controversial UK rate cut on February 8. The pound closed in London at DM2.5275, down from a high for the day of DM2.5382.

Earlier the dollar had fallen after the release of weaker than expected March retail sales figures - up only 0.4 per cent compared to market expectations of a 1.2 per cent increase - dampened expectations of a near-term rate rise. March consumer prices rose by 0.3 per cent compared to the 0.2 per cent gain expected.

The US currency finished half a pfennig lower at DM1.7135 from DM1.7188 on Tuesday. It had lost ground in the morning when the Bundesbank cut its repo rate by only three basis points - at the low end of market expectations.

Trade was fairly quiet ahead of today's Bundesbank council meeting, the first for four weeks.

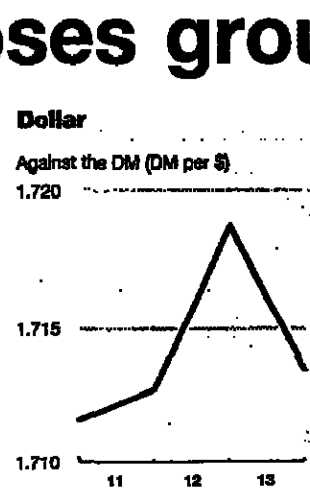
■ Analysts yesterday cautiously welcomed the trend towards greater openness in the conduct of UK monetary policy. Concern was expressed that sterling would be vulnerable if serious differences between the Bank and Treasury were to emerge. The weakness of sterling, after the release of minutes showing disagreement, lent support to this view.

Mr Steve Hannah, head of research at IBJ International, commented: "I think it (the openness) is a little baffling to the market and therefore on balance there will be modest downward pressure (on sterling)."

He said it was not immediately clear what the Chancellor stood to gain from openness. Also, it was "unhelpful" to have public confirmation of a difference of opinion.

Dollar

Against the DM (DM per $)



Source: FT Graphite April 1994

■ **Pound in New York**

Apr 13	—Latest—	— Prev. close —
£ spot	1.4765	1.4760
1 mth	1.4747	1.4743
3 mth	1.4721	1.4716
1 yr	1.4669	1.4664

Earlier, sterling's recent recovery had continued. It held its ground against the stronger D-Mark, and appreciated *against the dollar after the* release of fairly subdued US sales and inflation data.

Mr Peter Luxton, economist at Barclays, said the risk was that the currency could be derailed by a combination of continuing political uncertainty and unfavourable economic data. January trade data will be released today and evidence of a poor external position could weaken sterling.

There was little response in the futures market to the announcement. The June short sterling contract continued its recovery from recent lows to finish slightly firmer at 94.61 from 94.57.

This view of a rise in short-term rates is not supported by most analysts. A survey of traders at 24 institutions published by IDEA, the financial markets advisory service, found that a large majority believed the next move in rates would be down, would be 25 basis points, and that it would happen in early May.

UK money markets reverted to type yesterday with the Bank of England declaring a £750m shortage after Tuesday's surprise £400m surplus. The Bank provided late assistance of £375m after earlier putting £76m liquidity into the system. Overnight rates moved between 4¼ per cent and 6¼ per cent.

■ Mr Luxton said the dollar had been sold down on disappointment, particularly with the retail sales figure.

An earlier setback had come in the form of the fairly small Bundesbank repo cut. The Barclays analyst said the dollar *had been undermined by* "unwinding of early-week expectations of an official rate cut in Germany."

Mr Robert Thomas, currency strategist at Natwest Markets, said he still believed US rates would go up before the end of May, and that DM1.80 per dollar was more likely than DM1.60 on a 3-6 month view. Mr Thomas said the dollar's weakness against the yen had spilled over into weakness against the D-Mark too.

■ With the cut in the German repo rate at the bottom end of expectations, expectation of a *lowering in official rates at* today's council meeting receded. There is still some speculation about a cut in the Lombard rate from 6.75 per cent, but little anticipation of a cut in the discount rate from 5.25 per cent.

Ample liquidity in the banking system helped German call money rates ease to 5.65/5.75 per cent from 5.75/5.80 per cent. This trend towards lower rates is endorsed in the futures markets. The June euromark future finished at 94.60 from 94.59, discounting a fall in short term interest rates to 5.40 per cent by mid-year.

Elsewhere in Europe the D-Mark performance was mixed. It was unchanged against the French franc at FFr3.419.

The most noticeable move came from the Swedish krona which retreated from a recent high of SKr4.598 against the D-Mark to SKr4.624. Analysts said investors were taking profits as they have done in recent days with the Italian lira.

■ **OTHER CURRENCIES**

Apr 13	£	$
Hungary	152.981 - 153.107	103.730 - 103.780
Iran	2567.00 - 2573.00	1748.00 - 1750.00
Kuwait	0.4389 - 0.4398	0.2976 - 0.2981
Poland	33008.3 - 33082.9	22380.0 - 22420.0
Russia	2625.68 - 2633.05	1780.00 - 1785.00
U.A.E.	5.4178 - 5.4288	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Apr 13		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.7670	-0.0673	603 - 737	17.8807	17.7803	17.7632	0.3	17.7576	0.2	-	-	112.9
Belgium	(BFr)	51.9808	-0.1988	646 - 969	52.2857	51.9969	52.0158	-0.8	52.1008	-0.9	52.1458	-0.3	114.3
Denmark	(DKr)	9.8939	-0.0327	907 - 971	9.9405	9.8907	9.904	-1.2	9.9173	-0.9	9.8271	-0.3	114.1
Finland	(FM)	8.1338	-0.0122	251 - 425	8.1700	8.1230	-	-	-	-	-	-	82.1
France	(FFr)	8.6435	-0.0278	413 - 457	8.6699	8.6413	8.6522	-1.2	8.6641	-1.0	8.666	-0.3	106.8
Germany	(DM)	2.5275	-0.0081	263 - 287	2.5450	2.5263	2.5291	-0.8	2.5309	-0.5	2.5207	0.3	122.0
Greece	(Dr)	370.090	-1.747	732 - 448	371.421	369.732	-	-	-	-	-	-	-
Ireland	(I£)	1.0300	-0.0059	289 - 310	1.0381	1.0289	1.0309	-1.0	1.0324	-0.9	1.0376	-0.7	103.0
Italy	(L)	2405.81	-10.58	392 - 769	2420.88	2403.92	2412.01	-3.1	2423.06	-2.8	2458.96	-2.2	78.3
Luxembourg	(LFr)	51.9808	-0.1988	646 - 969	52.2857	51.9646	52.0158	-0.8	52.1008	-0.9	52.1458	-0.3	114.3
Netherlands	(Fl)	2.8358	-0.0088	346 - 370	2.8507	2.8370	2.8368	-0.4	2.8384	-0.1	2.8259	0.4	117.8
Norway	(NKr)	10.9530	-0.0258	497 - 563	10.9911	10.9480	10.9474	0.6	10.9599	-0.3	10.9511	0.0	84.5
Portugal	(Es)	257.987	-0.035	795 - 178	258.874	257.734	258.962	-4.5	260.907	-4.5	-	-	-
Spain	(Pta)	204.811	-0.035	702 - 919	205.790	204.698	205.388	-3.3	206.191	-2.7	209.221	-2.2	85.3
Sweden	(SKr)	11.6891	+0.0323	816 - 966	11.7277	11.6168	11.7101	-2.2	11.7461	-2.0	11.8651	-1.5	76.5
Switzerland	(SFr)	2.1273	-0.0098	264 - 281	2.1358	2.1264	2.1258	0.8	2.1219	1.0	2.0941	1.6	117.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.0
Ecu	-	1.3050	-0.0041	042 - 058	1.3109	1.3042	1.3065	-1.4	1.3085	-1.1	1.3101	-0.4	-
SDR	-	0.951164	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4746	+0.0008	742 - 749	1.4794	1.4736	-	-	-	-	-	-	-
Brazil	(Cr)	1568.86	+28.4	858 - 913	1574.00	1538.00	-	-	-	-	-	-	-
Canada	(C$)	2.0290	-0.0101	283 - 297	2.0347	2.0277	2.0299	-0.5	2.0318	-0.6	2.0423	-0.7	87.6
Mexico	(New Peso)	4.9599	-0.0018	553 - 644	4.9723	4.9553	-	-	-	-	-	-	-
USA	($)	1.4751	-0.0002	748 - 753	1.4798	1.4735	1.4734	1.4	1.4707	1.2	1.4651	0.7	66.3
Pacific/Middle East/Africa													
Australia	(A$)	2.0436	+0.0066	427 - 448	2.0502	2.0324	2.0423	0.9	2.0399	0.8	2.038	0.3	-
Hong Kong	(HK$)	11.3973	-0.0009	946 - 999	11.4309	11.3863	11.3843	1.4	11.3788	0.6	11.3298	0.6	-
India	(Rs)	46.2723	-0.0026	608 - 838	46.4080	46.2270	-	-	-	-	-	-	-
Japan	(Y)	152.956	+0.526	878 - 033	153.780	152.320	152.581	2.9	151.861	2.9	148.471	2.9	188.8
Malaysia	(M$)	3.9753	+0.0032	731 - 774	3.9858	3.9712	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6087	+0.0148	066 - 107	2.6120	2.5919	2.6116	-1.3	2.6158	-1.1	2.6245	-0.6	-
Philippines	(Peso)	40.6377	-0.0055	095 - 658	40.8741	40.3712	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5320	-0.0004	308 - 331	5.5481	5.5265	-	-	-	-	-	-	-
Singapore	(S$)	2.3063	-0.0021	051 - 074	2.3128	2.3051	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.3205	+0.0018	181 - 229	5.3299	5.2980	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.9653	+0.0948	565 - 740	8.0811	7.7743	-	-	-	-	-	-	-
South Korea	(Won)	1194.13	-1.19	385 - 440	1197.66	1192.95	-	-	-	-	-	-	-
Taiwan	(T$)	38.9118	-0.0201	052 - 184	39.0300	38.8700	-	-	-	-	-	-	-
Thailand	(Bt)	37.2745	-0.0051	534 - 956	37.3720	37.2500	-	-	-	-	-	-	-

†SDR rate for Apr 12. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 13		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	12.0450	-0.044	425 - 475	12.1135	12.0400	12.0655	-2.0	12.0925	-1.6	12.1037	-0.5	102.3
Belgium	(BFr)	35.2400	-0.13	350 - 450	35.3780	35.2330	35.31	-2.4	35.42	-2.0	35.62	-1.1	103.7
Denmark	(DKr)	6.7075	-0.0213	065 - 085	6.7317	6.7025	6.7232	-2.8	6.7477	-2.4	6.7905	-1.2	102.8
Finland	(FM)	5.5143	-0.0075	093 - 192	5.5278	5.5026	5.5211	-1.5	5.5298	-1.1	5.5406	-0.5	78.7
France	(FFr)	5.8598	-0.0181	593 - 603	5.8875	5.8550	5.872	-2.5	5.8917	-2.2	5.913	-0.9	103.2
Germany	(D)	1.7135	-0.0053	130 - 140	1.7200	1.7106	1.7166	-2.2	1.7209	-1.7	1.7206	-0.4	103.5
Greece	(Dr)	250.900	-1.15	700 - 100	251.600	250.700	254.2	-15.8	261.85	-17.1	289.15	-15.2	69.8
Ireland	(I£)	1.4322	+0.0079	309 - 334	1.4334	1.4218	1.4291	2.6	1.4237	2.4	1.4088	1.6	-
Italy	(L)	1631.00	-6.95	000 - 200	1639.75	1630.00	1637.35	-4.7	1647.6	-4.1	1678.65	-2.9	78.8
Luxembourg	(LFr)	35.2400	-0.13	350 - 450	35.3780	35.2330	35.31	-2.4	35.42	-2.0	35.62	-1.1	103.7
Netherlands	(Fl)	1.9225	-0.0064	220 - 230	1.9301	1.9200	1.9254	-1.8	1.9291	-1.4	1.9282	-0.3	103.1
Norway	(NKr)	7.4255	-0.0165	245 - 265	7.4490	7.4088	7.4382	-2.1	7.4615	-1.9	7.5005	-1.0	94.3
Portugal	(Es)	174.900	-	800 - 000	175.350	174.700	175.815	-6.3	177.48	-5.8	182.575	-4.4	93.2
Spain	(Pta)	138.850	-0.005	800 - 900	139.330	138.750	139.39	-4.7	140.205	-3.9	142.775	-2.8	80.9
Sweden	(SKr)	7.9246	+0.023	208 - 283	7.9354	7.8758	7.9496	-3.8	7.9924	-3.4	8.1156	-2.4	82.3
Switzerland	(SFr)	1.4422	-0.0065	418 - 425	1.4470	1.4405	1.4429	-0.5	1.4429	-0.2	1.4284	1.0	103.9
UK	(£)	1.4751	-0.0002	748 - 753	1.4798	1.4735	1.4734	1.4	1.4707	1.2	1.4651	0.7	88.9
Ecu	-	1.1303	+0.0033	298 - 308	1.1310	1.1267	1.1278	2.7	1.124	2.2	1.1187	1.0	-
SDR	-	1.39745	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9997	+0.0007	996 - 997	1.0001	0.9980	-	-	-	-	-	-	-
Brazil	(Cr)	1063.60	+20.07	359 - 360	1063.60	1063.56	-	-	-	-	-	-	-
Canada	(C$)	1.3756	-0.0066	753 - 758	1.3785	1.3726	1.3778	-1.9	1.3816	-1.7	1.3941	-1.3	83.6
Mexico	(New Peso)	3.3625	-0.0008	600 - 650	3.3658	3.3600	3.3635	-0.4	3.3653	-0.3	3.3727	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	101.3
Pacific/Middle East/Africa													
Australia	(A$)	1.3855	+0.0045	850 - 860	1.3869	1.3772	1.3867	-1.1	1.3914	-1.7	1.402	-1.2	88.8
Hong Kong	(HK$)	7.7267	+0.0004	262 - 272	7.7272	7.7262	7.7297	-0.5	7.7357	-0.5	7.7604	-0.4	-
India	(Rs)	31.3700	+0.0025	675 - 725	31.3725	31.3675	31.435	-2.5	31.57	-2.6	-	-	-
Japan	(Y)	103.695	+0.37	660 - 730	103.920	103.300	103.56	1.6	103.25	1.7	101.34	2.3	149.1
Malaysia	(M$)	2.6950	+0.0025	940 - 960	2.6960	2.6915	2.688	3.1	2.6725	3.3	2.735	-1.5	-
New Zealand	(NZ$)	1.7685	+0.0102	674 - 696	1.7696	1.7575	1.7697	-0.8	1.7742	-1.3	1.7961	-1.6	-
Philippines	(Peso)	27.5500	-	000 - 000	27.7000	27.4000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	+0.0002	502 - 505	3.7505	3.7502	3.7511	-0.2	3.7534	-0.3	3.7649	-0.4	-
Singapore	(S$)	1.5635	-0.0013	630 - 640	1.5650	1.5630	1.5629	0.5	1.5624	0.3	1.561	0.2	-
S Africa (Com.)	(R)	3.6070	+0.0017	060 - 080	3.6080	3.5915	3.6235	-5.5	3.6495	-4.7	3.7425	-3.6	-
S Africa (Fin.)	(R)	5.4000	+0.085	950 - 050	5.4750	5.2700	5.434	-7.6	5.494	-7.0	-	-	-
South Korea	(Won)	809.550	-0.7	500 - 600	809.600	809.500	812.55	-4.4	816.05	-3.2	834.55	-3.1	-
Taiwan	(T$)	26.3800	-0.01	800 - 800	26.3900	26.3600	26.4455	-3.0	26.546	-2.5	-	-	-
Thailand	(Bt)	25.2700	-	600 - 800	25.2800	25.2600	25.35	-3.8	25.475	-3.2	25.995	-2.9	-

†SDR rate for Apr 12. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Apr 12. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 13		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.03	16.63	4.863	1.982	4629	5.456	21.07	496.2	394.0	22.49	4.092	1.924	3.903	2.838	294.2	2.511
Denmark	(DKr)	52.54	10	8.737	2.555	1.041	2432	2.866	11.07	260.7	207.0	11.82	2.150	1.011	2.051	1.491	154.5	1.319
France	(FFr)	60.13	11.45	10	2.925	1.192	2783	3.281	12.67	298.4	236.9	13.52	2.461	1.157	2.347	1.706	176.9	1.510
Germany	(DM)	20.56	3.914	3.419	1	0.407	951.7	1.122	4.331	102.0	81.01	4.624	0.841	0.396	0.803	0.583	60.48	0.516
Ireland	(I£)	50.47	9.606	8.392	2.454	1	2336	2.753	10.63	250.4	198.8	11.35	2.065	0.971	1.970	1.432	148.4	1.267
Italy	(L)	2.160	0.411	0.359	0.105	0.043	100.	0.118	0.455	10.72	8.512	0.486	0.088	0.042	0.084	0.061	6.355	0.054
Netherlands	(Fl)	18.33	3.489	3.048	0.891	0.363	848.4	1	3.861	90.94	72.21	4.122	0.750	0.353	0.715	0.520	53.91	0.460
Norway	(NKr)	47.47	9.036	7.894	2.309	0.941	2197	2.590	10	235.5	187.0	10.68	1.942	0.913	1.853	1.347	139.6	1.192
Portugal	(Es)	20.16	3.836	3.352	0.980	0.399	932.9	1.100	4.246	100.	79.41	4.533	0.825	0.388	0.787	0.572	59.29	0.506
Spain	(Pta)	25.38	4.831	4.221	1.234	0.503	1175	1.385	5.347	125.9	100.	5.706	1.039	0.488	0.991	0.720	74.66	0.637
Sweden	(SKr)	44.47	8.464	7.394	2.163	0.881	2058	2.426	9.367	220.6	175.2	10	1.820	0.855	1.736	1.262	130.8	1.116
Switzerland	(SFr)	24.44	4.652	4.064	1.189	0.484	1131	1.333	5.148	121.3	96.29	5.496	1	0.470	0.954	0.693	71.89	0.614
UK	(£)	51.98	9.894	8.644	2.528	1.030	2406	2.836	10.95	257.9	204.8	11.69	2.127	1	2.029	1.475	152.9	1.305
Canada	(C$)	25.62	4.876	4.260	1.246	0.508	1186	1.398	5.397	127.1	100.9	5.761	1.048	0.493	1	0.727	75.36	0.643
US	($)	35.24	6.708	5.860	1.714	0.698	1631	1.923	7.424	174.8	138.8	7.925	1.442	0.678	1.376	1	103.7	0.885
Japan	(Y)	340.0	64.71	56.53	16.53	6.736	15736	18.55	71.62	1687	1339	76.46	13.91	6.540	13.27	9.647	1000.	8.535
Ecu		39.83	7.582	6.624	1.937	0.789	1844	2.173	8.391	197.6	156.9	8.958	1.630	0.766	1.555	1.130	117.2	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Jun	0.5810	0.5822	+0.0018	0.5822	0.5793	41,776	89,869
Sep	-	0.5802	-	0.5786	0.5786	63	2,617
Dec	-	-	-	-	-	-	-

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Jun	0.9691	0.9680	-0.0011	0.9700	0.9648	21,471	53,019
Sep	0.9715	0.9732	-0.0012	0.9733	0.9690	107	2,325
Dec	-	-	-	-	-	-	-

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Jun	0.6913	0.6935	+0.0027	0.6935	0.6908	15,845	34,584
Sep	0.6929	0.6941	+0.0018	0.6945	0.6915	10	367
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Jun	1.4728	1.4756	+0.0030	1.4758	1.4710	8,511	46,278
Sep	1.4700	1.4710	-	1.4710	1.4680	5	926
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

Apr 13	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.790825	-0.001538	-2.20	4.86	15
Netherlands	2.19672	2.17577	+0.00047	-0.95	3.54	-
Belgium	40.2123	39.8902	+0.0319	-0.80	3.38	6
Germany	1.94964	1.93856	+0.00031	-0.57	3.13	-
France	6.53883	6.62776	+0.0012	1.36	1.17	-11
Spain	154.250	157.058	+0.555	1.82	0.71	-13
Denmark	7.43679	7.58684	+0.00576	2.02	0.52	-14
Portugal	192.854	197.768	+0.607	2.55	0.00	-17
NON ERM MEMBERS						
Greece	264.513	283.800	-0.157	7.29	-4.42	-
Italy	1793.19	1847.85	+0.4	3.05	-0.49	-
UK	0.786749	0.763562	-0.002469	-2.95	5.66	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.

(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.400	7.62	7.52	7.54	-	-	0.15
1.425	5.17	5.12	5.36	-	0.07	0.46
1.450	2.68	2.97	3.48	-	0.41	1.06
1.475	0.48	1.38	2.06	0.21	1.26	2.07
1.500	-	0.48	1.09	2.18	2.80	3.54
1.525	-	0.11	0.50	4.62	4.92	5.44

Previous day's vol., Calls 9,834 Puts 16,792 . Prev. day's open int., Calls 507,436 Puts 464,909

WORLD INTEREST RATES

MONEY RATES

EURO CURRENCY INTEREST RATES

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

■ THREE MONTH EUROLIRA INT. RATE FUTURES (LIFFE) L1000m points of 100%

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

UK INTEREST RATES

LONDON MONEY RATES

Apr 13	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6½ - 4⅛	5 - 4$\frac{13}{16}$	5⅛ - 4$\frac{31}{32}$	5¼ - 5⅛	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5¾ - 5⅝
Sterling CDs	-	-	5$\frac{1}{16}$ - 5	5$\frac{7}{32}$ - 5$\frac{5}{32}$	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5$\frac{9}{16}$ - 5$\frac{7}{16}$
Treasury Bills	-	-	4$\frac{29}{32}$ - 4$\frac{27}{32}$	5 - 4$\frac{15}{16}$	-	-
Bank Bills	-	-	4$\frac{29}{32}$ - 4$\frac{27}{32}$	5 - 4$\frac{15}{16}$	5⅛ - 5$\frac{1}{16}$	-

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

BASE LENDING RATES

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WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 13 / Sch)

BELGIUM/LUXEMBOURG (Apr 13 / Frs.)

DENMARK (Apr 13 / Kr)

FINLAND (Apr 13 / Mks)

FRANCE (Apr 13 / Frs.)

GERMANY (Apr 13 / Dm.)

ITALY (Apr 13 / Lire)

NETHERLANDS (Apr 13 / Fls.)

NORWAY (Apr 13 / Kroner)

SPAIN (Apr 13 / Pts.)

SWEDEN (Apr 13 / Kronor)

SWITZERLAND (Apr 13 / Frs.)

PACIFIC

JAPAN (Apr 13 / Yen)

AUSTRALIA (Apr 13 / Aus$)

HONG KONG (Apr 13 / H.K.$)

MALAYSIA (Apr 13 / MYR)

SINGAPORE (Apr 13 / S$)

NORTH AMERICA

CANADA

TORONTO (Apr 13 / Can $)

4 pm close

MONTREAL (Apr 13 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Apr 13 / Rand)

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. High/Lows are for 1994, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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TOKYO - MOST ACTIVE STOCKS: Wednesday, April 13, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Showa Line	9.7m	266	+27	Hitachi	4.9m	977	+19
NEC	9.6m	1,150	+20	Fujitsu	4.2m	1,040	+20
Sumitomo Coal	6.2m	1,030	+90	Isuzu Motors	3.7m	484	+9
Nippon Steel	5.1m	343	+2	Kawasaki Steel	3.0m	370	+4
Ricoh	5.1m	893	+23	Denki Kagaku Kgy	3.0m	396	+10

INDICES

	Apr 12	Apr 11	Apr 8	1994 High		1994 Low	
Turkey Istanbul Cmp.(Jan 1986)	20759.4	20299.6	20491.5	28863.89	13/1	12980.70	24/3
WORLD MS Capital Int (1/1/70)	(u)	609.3*	610.7	641.00	1/2	591.69	4/4
CROSS-BORDER Eurotrack 100(26/10/90)	1476.94	1486.27	1479.07	1540.18	31/1	1383.80	2/3
Euro Top-100 (26/6/90)	1265.44	1274.28	1270.07	1311.81	2/2	1202.49	2/3
JCapalDrgas (31/12/88)	(u)	319.73	312.06	385.19	5/1	290.26	21/3
Barings Emerg.(7/1/92)	153.77	153.89	151.67	162.72	14/2	147.36	5/4
Nikkei 300 (1/10/82)	296.35	293.33	290.37	304.23	19/3		
Topix (4/1/68)	1618.89	1600.72	1614.05	1653.27	19/3	1445.97	4/1
2nd Section (4/1/68)	2236.40	2227.30	2234.41	2244.99	7/4	1873.33	4/1
Malaysia KLSE Comp.(4/4/86)	1029.45	1024.82	973.34	1314.46	5/1	929.33	4/4

CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Apr	2160.0	2155.0	-3.0	2167.0	2148.0	20,786	25,157
May	2161.0	2155.5	-3.5	2165.0	2125.5	436	9,966
Jun	2144.0	2138.0	-4.0	2147.0	2134.0	2,190	22,655

Open interest figures for previous day.

Base values of all indices are 100 except: Australia All Ordinary and ... – Sat Apr 9 : Taiwan Weighted Price 5565.84; Korea Comp Ex 883.42. Base values of all Indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Apr 13 - 2218.19 +4.00

US INDICES

Dow Jones	Apr 12	Apr 11	Apr 8	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3681.69	3688.83	3674.26	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	99.39	99.39	99.60	105.61 (21/1)	99.39 (11/4)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1620.18	1628.57	1637.39	1862.29 (2/2)	1606.94 (4/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	193.18	194.31	194.63	227.06 (3/1)	192.99 (4/4)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3722.14 (3720.66) Low 3681.17 (3651.35) (Theoretical♠)
Day's high 3703.70 (3700.73) Low 3673.98 (3670.39) (Actual♠)

Standard and Poors	Apr 12	Apr 11	Apr 8	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	447.57	449.87	447.10	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials¶	521.43	524.67	522.53	560.59 (2/2)	513.34 (4/4)	560.59 (2/2/94)	3.62 (21/6/32)
Financial¶	43.95	44.09	43.18	46.56 (31/1)	41.39 (4/4)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	248.35	249.45	248.29	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	438.69	440.56	441.21	487.89 (2/2)	434.13 (4/4)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	739.22	748.11	746.71	803.93 (18/3)	727.41 (4/4)	803.93 (18/3/94)	54.87 (31/10/72)

RATIOS

	Apr 6	Mar 31	Mar 25	Year ago
Dow Jones Ind. Div. Yield	2.78	2.81	2.70	3.02
	Apr 6	Mar 30	Mar 23	Year ago
S & P Ind. Div. yield	2.48	2.51	2.39	2.49
S & P Ind. P/E ratio	23.67	23.55	24.83	26.13

STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	448.00	448.50	+0.40	448.90	447.45	64,489	188,886
Sep	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Close price	Change on day
Motorola	8,698,900	95	-4¼
Telefonos	4,743,800	58	+1¼
Airtouch	3,954,900	22⅞	+2¼
Circus Ent	2,819,600	28¾	-1⅝
Service Mer	2,808,200	7¾	-½
Merck	2,536,300	28¾	+⅛
Chrysler	2,425,200	51	-⅛
Amer T & T	2,376,000	50⅝	+⅝
Promus	2,287,700	34½	-2¼
Philip Morris	2,068,300	48	-⅛

TRADING ACTIVITY

● Volume (million)

	Apr 12	Apr 11	Apr 8
New York SE	248.032	237.675	257.465
Amex	16.569	14.252	14.345
NASDAQ	230.784	238.173	268.823
NYSE			
Issues Traded	2,771	2,784	2,791
Rises	873	1,168	802
Falls	1,246	1,012	1,389
Unchanged	652	604	600
New Highs	28	28	24
New Lows	97	88	78

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♠ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

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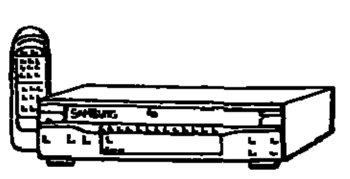
NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17⅜	14⅛	AAR	0.48	3.0	537	155	16¼	16	16⅛	+⅛
16⅞	14	A L Labs A	0.18	1.2	34	176	15½	14⅞	14⅞	-⅝
65½	58¼	AMP	1.68	2.8	20	1497	59⅝	59⅛	59⅜	+⅜
72¾	55½	AMR			27	3461	57½	56⅛	56¾	-⅛
5	3⅝	ARX			14	448	4½	4	4¼	-¼
56⅛	39¾	ASA	2.00	5.0	26	557	40⅜	d39¾	40	-⅜
30⅝	25⅜	AbbtL x	0.76	2.8	16	11021	27¼	26⅝	27¼	+1
13¾	11⅜	AbtBol Pr	0.50	3.9	8	57	13	12⅞	12⅞	
13¾	11⅞	Acptncein			21	83	11⅝	11½	11½	-¼
31	24½	ACE Ltd	0.40	1.4	4	251	28¾	28⅜	28⅜	+⅛
12½	10⅛	ACM Gvt In	1.09	9.8		336	11¼	11⅛	11⅛	
10⅛	7⅞	ACM GvOpp	0.60	9.6		18	6⅜	6¼	6¼	
10⅝	8⅛	ACM Gvt Sp	0.96	11.0		569	9	8¾	8¾	-⅛
12	9¾	ACM Gvt Se	1.09	10.6		330	10½	10⅜	10⅜	-⅛
11¾	8¾	ACM Man	1.08	10.8		288	10	9⅞	10	+⅛
9¼	8	ACM Managd	0.72	8.7		50	8⅜	8¼	8¼	-⅛
11¾	8¾	AcmeClv	0.44	3.7	14	506	u12	11⅜	11¾	+⅜
8½	7⅛	Acme Elect			35	55	8¼	8⅛	8⅛	
28¼	23	Acordia	0.60	2.2	13	30	27⅜	27⅛	27⅜	
9¼	5¾	Actava	0.36	4.9	2	1382	7½	7⅛	7⅜	+1
13⅜	11¼	Acuson			96	87	12⅞	12½	12½	-¼
18⅜	16½	Adams Expr	0.36	2.1	0	186	17	16¾	16⅞	
64	46½	Ad Micro	3.00	5.6		21	53¾	53¼	53¼	-½
31¾	18¾	AdvMic	3.00	11.6	11	8626	25⅞	25⅛	25½	

TECHNOLOGY THAT WORKS FOR LIFE

Samsung Laser Disc Player



Dual 1 Bit 4 Times Oversampling Digital Filter

SAMSUNG ELECTRONICS

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4 pm close April 13

NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close April 13

AMEX COMPOSITE PRICES

4 pm close April 13

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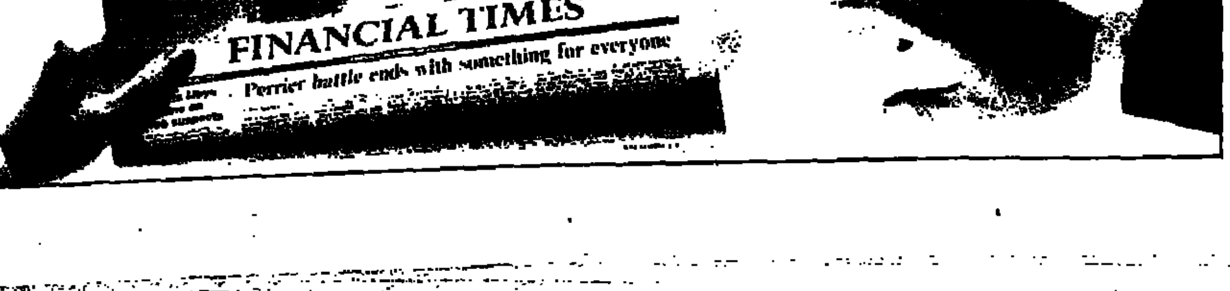

FINANCIAL TIMES Thursday April 14 1994

AMERICA

Sliding bond prices leave Dow weaker

Wall Street

US stocks succumbed to concern over eroding bond prices and a wave of program-guided selling, with semiconductor companies showing particular weakness, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 13.98 lower at 3,667.71, while the more broadly based Standard & Poor's 500 was 1.31 easier at 446.26. In the secondary markets, the American SE composite slipped 0.60 to 439.09, while slumping technology issues dragged down the Nasdaq composite by 7.64 to 731.58.

After a positive but lacklustre opening, share prices began to slip. Declines grew more pronounced as an initial rally in bonds, on news of softer-than-expected retail sales, petered out.

Bond traders were selling into the market's strength soon after the Commerce Department reported that March retail sales grew by a modest 0.4 per cent, against expectations of a 1 per cent advance. The release of last month's consumer price index, which precisely matched forecasts of a 0.3 per cent rise, had no impact on either market. Investors were discounting the CPI's significance as an inflation gauge. Instead they were looking ahead to industrial production and factory utilisation data, due out Friday.

Semiconductor stocks remained under heavy pressure. The Semiconductor Industry Association reported that the March book-to-bill ratio, an important indicator of the chip industry's strength, showed no change last month. Texas Instruments dropped $4 to $69, bringing its two-day losses to $9¾, or 12 per cent. Micron Technology tumbled $5⅞ to $81, after losing $4⅞ the previous session.

Among the Dow industrials, DuPont was down $1 to $56, and General Electric lost $1⅛ to $98. Aluminium producers lost ground, with Alcoa shedding $1 to $70⅝ and Reynolds $1⅛ to $45⅞.

In the oil sector, Texaco was down $1 at $63⅝. A federal judge ruled that a lawsuit filed by Ecuadorean Indians against the company may be heard in the US, if the plaintiffs proved that decisions which, allegedly, had damaged their environment were made in New York.

Brokerage houses were hit by expectations of a slowdown in earnings growth. JP Morgan receded $1 to $62½ and Merrill Lynch by $1⅛ to $36¼. Charles Schwab, the discount broker, was $1 off at $26¾ despite posting better-than-expected first quarter earnings of 65 cents a share, up from 58 cents. Fleet Financial also disappointed investors with first-quarter net of 80 cents a share and slipped $1 to $38⅞.

UAL, parent of United Airlines, fell $1¾ to $126 after warning that a planned employee buyout would depress earnings this year and next.

Canada

Toronto edged lower at midday in low volume and inactive trading. The TSE 300 index sank 8.13 to 4,287.28 in volume of 32.84m shares.

The oil and gas sector started to rise at midday as the price of crude oil strengthened to $15.95 a barrel. Shell Canada rose C$½ to C$39½ and PanCanadian was up C$⅝ to C$42.

SOUTH AFRICA

Shares staged a firm recovery from a sharp fall on Tuesday. Bullion looked set to break back above the $380 an ounce level, while foreign interest was seen in mining stocks.

The overall index put on 86 to 5,023, industrials 50 to 5,751 and the gold index improved 69 to 1,985. De Beers rose R4.50 to R109.50 and Vaal Reefs R12 to R414.

EUROPE

Bourses wait for a 'sign' from the Bundesbank

There was a suggestion, as bourses sagged yesterday, that they were waiting for the Bundesbank to cut the German Lombard rate today, *writes Our Markets Staff.*

A Lombard cut would mean little, since it represents an interest rate ceiling at a time when rates are coming down, but traders said that they were looking for a "sign". The Bundesbank, meanwhile, had cut repo rates by another three basis points.

FRANKFURT's banks and financials had already discounted the interest rate scenario, and only Deutsche Bank posted a reasonable rise, DM4 on the session and another DM2 to DM797.50 in the post-bourse after Tuesday's DM17.50 loss on the Jürgen Schneider property loans scare.

The Dax index eased 1.31 to 2,209.19 as turnover fell from DM9.5bn to DM8.3bn.

Special situations and smaller cyclicals saw share price action. PWA putting on another DM3.50 to DM233 on this week's Swedish pulp price rises and Kugelfisher, the recovery hope in ball bearings, rising another DM13 to DM271.

Klöckner-Werke combined both characteristics. Tipped by Mr Werner Friedman at Bank Julius Bär at DM129.50 at the end of February, and by Mr Hans-Peter Wodniok of Flemings at DM142 early this week, it closed DM8.20 up at DM157.

Traditionally viewed as a steelmaker, K-W withdrew from the sector this year, and Mr Friedman said that it was undervalued; Mr Wodniok had it on a p/e of 9.5 (now about 10) for the engineering sector's peak year, against the sector average of 18.4.

PARIS set its sights firmly on the Buba meeting today and decided to mark time in the interim. The CAC-40 index gained 3.81 to 2,152.36.

Michelin was the day's most important news, the tyre group reporting 1993 results well in line with analysts' expectations. The shares slipped FFr3.50 to FFr269.50 as some investors decided it was time to take profits after good performance earlier this week.

Peugeot rose FFr11 to FFr916, for a 5 per cent rise on the week to date, while UAP slipped a further FFr4.30 to FFr166.00.

MILAN saw a wave of profit-taking in a shortened day's trading as the telematic electronic trading system again struggled to cope with the workload. The Comit index fell 11.86 or 1.5 per cent to 788.76.

Mr John Stewart at InterEuropa Sim in Milan said that selling pressure came as little surprise at the end of a monthly account which had seen a 15.5 per cent rise in the two weeks since the general election.

He noted that the day's biggest losers were issues that had seen the most impressive gains in recent sessions and said that there could be further selling pressure today. Yesterday's end of April's trading account was extended by 24 hours to give the market more time to help clear its backlog.

Among recent strong performers, Fiat fell L397 or 5.9 per cent to L6,303, Pirelli lost L165 or 5.1 per cent to L3,095 and Stet gave up L364 or 4.4 per cent to L5,971.

One of the few shares to climb was Ferruzzi, up L58 or 2.6 per cent at L2,308: on Monday the company said it was launching a complex L1,339bn rights issue.

ZURICH extended morning losses, the SMI index falling 10.1 to 2,877.7. UBS bearers fell SFr16 to SFr1,249 after reports that around $150m held in accounts had been confiscated in connection with an investigation into the laundering of drug money. One analyst commented that the fall in the share price seemed "ridiculous", adding that investors appeared to be muddling the bank's own money with that of its customers.

A weak trend in the other banks and insurers was attributed to London based selling: Zurich Insurance bearers were SFr24 down at SFr1,296.

Against the trend, Brown Boveri bearers put on SFr22 to SFr1,260, with one portfolio management bank seen as a big buyer.

Schindler, the elevator and rolling stock manufacturer, rose another SFr35 to SFr1,695 in continued response to Tuesday's profits outlook.

AMSTERDAM moved little either side of opening values and the AEX index finished just in positive territory, advancing 0.14 to 424.08.

Unilever showed a larger swing than most on the downside, losing Fl 1.30 to Fl 205.20. This was partly on news that its rival, Procter & Gamble, was to sue a Unilever subsidiary over a domestic television commercial which it alleged was misleading.

Heineken closed flat at Fl 206, after moving between a session high of Fl 206.50 and a low of Fl 205.70, after reporting that European beer conditions remained under pressure. In the same sector Grolsch added 40 cents to Fl 51.90.

MADRID's heavyweight banking sector, relatively weak over the last month, quarter and twelve months, continued to depress the general market after pressure on bond prices.

The general index fell 3.39, or just over 1 per cent to 325.29. Among the banks, BBV dropped Pta70, or more than 2 per cent to Pta3,200 and Popular, similarly, by Pta350 to Pta15,100. The most active stock was Telefónica, down another Pta30 to Pta1,765.

Written and edited by William Cochrane, John Pitt and Michael Morgan

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Apr 13 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1481.11	1478.58	1478.10	1477.72	1478.31	1476.72	1475.36	1476.04
FT-SE Eurotrack 200	1495.66	1494.40	1494.51	1493.24	1493.63	1493.17	1491.43	1492.35

	Apr 12	Apr 11	Apr 8	Apr 7	Apr 6
FT-SE Eurotrack 100	1486.27	1479.07	1461.08	1457.70	1446.03
FT-SE Eurotrack 200	1500.59	1489.72	1477.01	1475.47	1468.41

Base 1000 (26/10/90); High/day: 100 - 1481.25; 200 - 1496.42 Low/day: 100 - 1474.76 200 - 1490.98

ASIA PACIFIC

Nikkei advances 2.1% on brighter political outlook

Tokyo

A potential solution to Japan's current political instability comforted investors and the Nikkei index rose by 2.1 per cent, closing above the 20,000 level for the first time since March 24, *writes Emiko Terazono in Tokyo.*

The 225 average advanced by 412.08 to 20,060.41 on arbitrage buying and short covering, falling to a low of 19,672.23 in the morning session and peaking at 20,103.42 in late afternoon.

Investors were encouraged by reports that the split within the ruling coalition had been tentatively put aside, and that the seven parties had agreed to support Mr Tsutomu Hata, currently foreign minister, as the next prime minister to succeed Mr Morihiro Hosokawa who resigned last Friday.

Volatile share price movements prompted by concerns over a possible political realignment as well as prolonged haggling in choosing the next prime minister, had sapped investor confidence during the previous few days. The yen also stabilised on hopes of an early resumption in trade talks with the US.

Volume rose to 341m shares against 263m. The Topix index of all first section stocks rose 18.17 to 1,618.89 and the Nikkei 300 recovered 3.02 to 296.35. Advances overwhelmed declines by 850 to 180, with 134 unchanged. In London, the ISE/Nikkei 50 index rose 2.98 to 1,330.12.

Low-priced resource stocks were favoured on hopes of an economic rebound. Nippon Oil rose Y15 to Y725 and Teikoku Oil by Y31 to Y742. In non-ferrous metals, Mitsui Mining and Smelting rose Y10 to Y393 while chemicals gained ground with Showa Denko up Y13 to Y349 and Ishihara Sangyo Y14 better at Y417.

Shipping stocks were bought as cheap laggards. Showa Line, the most active issue of the day, rose Y27 to Y266 and Navix Line gained Y14 to Y364.

In Osaka, the OSE average rose 202.70 to 21,289.22 in volume of 14.2m shares. High-technology stocks were mixed in spite of the yen's stability. Rohm, the semiconductor device maker, rose Y60 to Y3,850 and Nintendo, the video game maker, fell Y70 to Y6,800.

Roundup

Many of the regional markets saw gains made earlier in the week eroded by profit-taking. Bangkok and Colombo were closed for public holidays.

MANILA was propelled higher in heavy trade by San Miguel's better than expected first quarter net income. The composite index jumped 61.11 or 2.3 per cent to 2,695.71 as San Miguel B shares rose 13 pesos or 6.1 per cent to 226 pesos following its 40 per cent rise in net profit.

AUSTRALIA continued ahead, boosted by offshore buying and a rise in futures. Most indices were not available due to a computer malfunction but the exchange authorities said that the All Ordinaries index put on 19.7 to a provisional 2,114.7. Activity was mainly in the leading stocks with BHP 24 cents higher at A$17.24 and CRA 22 cents firmer at A$17.22.

HONG KONG ended a volatile day barely changed after profit-taking eroded a strong opening rally that drove the market up by more than 167 points.

The Hang Seng index closed 15.67 higher at 9,753.76 after dipping briefly into negative territory in late trade.

Turnover was HK$5.56bn against Tuesday's $6.25bn.

The profit-taking, mainly by local investors, emerged at mid-morning while overseas institutional selling into recent strength picked up pace in the late afternoon.

Citic Pacific and Cathay Pacific slipped on worries about a possible curb on Taiwanese tourism to China following the recent boat disaster in China's Zhejiang province. Taiwan travel agents have urged that China be classified as a danger area for travel. Citic lost 50 cents to HK$23.70 and Cathay Pacific slipped 20 cents to HK$11.60.

TAIWAN ended down in slow trade although the paper and pulp sector was strong on expectations that paper product prices are about to rise.

The weighted index fell 22.20 to 5,453.14 in turnover that declined to T$38.1bn from Tuesday's T$52.44bn. Financials were the biggest losers as speculators who drove prices up last week sold holdings before of the Big Three banks go ex-rights on Saturday.

SEOUL closed a rumour-laden day slightly higher after an 11-point gain was wiped out by immediate profit-taking. The composite index gained 1.46 to 882.33.

KUALA LUMPUR finished well off its highs as afternoon profit-taking wiped out most of the morning's gains and the composite index finished 4.63 ahead at 1,029.45 after a day's peak of 1,045.24.

SINGAPORE turned back after the strong advance of the previous two sessions, the Straits Times Industrials index easing 2.0 to 2,231.66.

BOMBAY recovered from a weak opening to end marginally higher on short-covering by speculators and fresh buying by mutual funds. The BSE 30-share index closed 29.41 higher at 3,944.53 in trading subdued by a 4-4¼ per cent unofficial *badla* or carry forward cost fixed on Tuesday.

NEW ZEALAND edged lower in a day of largely listless, direction-less trade. The NZSE-40 capital index slipped 6.38 to 2,145.4.

Poland is braced for a further setback

By Christopher Bobinski

Poland's Kredytbank, which is offering a new issue of 5m shares to the public next Monday in the midst of the country's heaviest stock exchange fall to date has decided to stick to a price of 160,000 zlotys per share ($7).

The decision comes in spite of an unprecedented move by the authorities to lift a 10 per cent price limit for the next three sessions, after share prices fell by 20 per cent early in the week, in a bid to allow prices to find more stable levels. The WIG index has fallen by nearly 50 per cent since the market peaked on March 8.

Mr Stanislaw Pacuk, chairman of the Kredytbank, defended the offer price by arguing that it put the bank's book value to earnings on a multiple of two, while the price/earnings ratio of 21.9 was still reasonable given the bank's prospects.

Of the new share offer, 20 per cent is being offered to the management and staff at a reduced price of 50,000 zlotys per share, while the bank is negotiating guarantees for the 1.6m shares in the issue which need to be sold for it to be closed.

Other banks quoted on the stock exchange were trading on p/e ratios of between 23 and 15 on Tuesday, but these could tumble today.

The Kredytbank was established in 1990 and reported a 19,003bn zlotys net profit last year on a balance sheet net worth of 4,072.9bn zlotys. The bank reported a 24,800bn zlotys net profit in the first quarter of this year. Arthur Andersen conducted the pre sale audit.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Market	No. of stocks	Dollar terms: Apr 8 1994	% Change over week	% Change on Dec '93	Local currency terms: Apr 8 1994	% Change over week	% Change on Dec '93
Latin America	(210)	620.22	-5.3	-4.7			
Argentina	(25)	874.69	-1.1	-12.0	536,729.64	-1.1	-12.0
Brazil	(57)	301.16	-6.1	+29.4	411,647,237.6	+3.3	+305.1
Chile	(25)	582.71	+3.9	+5.6	991.88	+3.3	+4.1
Colombia[1]	(11)	937.17	-0.6	+45.4	1,369.25	-0.1	+47.7
Mexico	(69)	819.32	-6.9	-18.1	1,188.86	-6.5	-11.4
Peru[2]	(11)	138.64	-5.1	+14.6	184.39	-5.1	+15.9
Venezuela[3]	(12)	687.31	-4.5	+16.1	1,807.54	-4.5	+27.2
Asia	(558)	226.63	-0.7	-22.1			
China[4]	(18)	99.81	-0.6	-33.1	109.73	-0.7	-33.1
South Korea[5]	(156)	118.64	+0.8	+0.4	126.18	+1.2	+0.5
Philippines	(18)	250.90	-3.4	-26.3	328.47	-3.5	-26.0
Taiwan, China[6]	(90)	123.32	+4.6	-8.8	122.09	+4.4	-8.7
India[7]	(76)	129.87	+3.5	+11.5	143.62	+3.5	+11.5
Indonesia[8]	(37)	91.64	-7.2	-26.5	107.25	-7.0	-24.7
Malaysia	(105)	247.15	-1.1	-27.1	245.17	-0.6	-27.2
Pakistan[9]	(15)	400.25	-3.7	+3.2	552.56	-3.7	+4.6
Sri Lanka[10]	(5)	194.28	-1.9	+9.6	207.69	-1.5	+8.8
Thailand	(55)	340.26	-0.0	-28.8	341.54	+0.1	-29.3
Euro/Mid East	(125)	114.07	-5.5	-32.6			
Greece	(25)	241.98	-2.4	+6.3	412.31	-1.8	+7.2
Hungary[11]	(5)	225.29	-0.7	+35.2	278.46	+0.3	+37.9
Jordan	(13)	168.65	-0.8	+1.9	244.27	-0.4	+2.0
Poland[12]	(12)	816.35	-7.3	-0.2	1,156.67	-6.0	+4.8
Portugal	(25)	131.08	-1.5	+15.2	156.32	-1.7	+13.2
Turkey[13]	(40)	91.57	-10.1	-56.9	1,444.70	+33.3	-0.7
Zimbabwe[14]	(5)	224.71	-20.6	+11.2	270.52	-19.1	+26.6
Composite	(892)	302.66	-3.4	-14.9			

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991, (7)Nov 6 1992; (8)Sep 28 1990; (9)Mar 1 1991, (10) Dec 31 1992, (11)Dec 31 1992, (12)Dec 31 1992; (13)Aug 4 1989; (14)July 2 1993.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	TUESDAY APRIL 12 1994: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	MONDAY APRIL 11 1994: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (69)	171.52	1.1	172.37	112.02	153.26	157.53	1.0	3.46	169.64	170.66	110.80	150.63	155.92	183.15	130.19	138.46
Austria (17)	179.10	-1.0	179.99	116.98	160.04	159.88	-0.3	0.97	180.84	181.93	118.11	160.57	160.42	195.41	139.63	144.43
Belgium (42)	164.19	-0.4	165.01	107.24	146.72	143.22	0.2	3.80	164.92	165.91	107.71	146.44	142.88	171.69	141.92	153.60
Canada (106)	129.37	0.3	130.01	84.50	115.60	129.48	-0.2	2.59	129.03	129.81	84.28	114.57	129.81	145.31	121.46	122.77
Denmark (32)	251.41	-0.7	252.66	164.20	224.65	230.08	-0.1	1.03	253.24	254.76	165.40	224.86	230.27	275.79	207.56	208.69
Finland (22)	149.69	1.3	150.43	97.77	133.76	173.47	1.8	0.86	147.73	148.62	96.48	131.17	170.41	156.72	82.17	82.17
France (98)	170.27	-0.2	171.11	111.21	152.14	156.99	0.2	2.87	170.67	171.69	111.47	151.54	156.61	185.37	149.60	164.34
Germany (58)	137.55	-1.3	138.24	89.84	122.91	122.91	-0.7	1.67	139.34	140.18	91.01	123.72	123.72	142.38	107.59	114.74
Hong Kong (56)	402.66	2.5	404.66	262.99	359.81	399.41	2.5	2.66	392.71	395.08	256.49	348.71	389.50	506.56	251.31	251.31
Ireland (14)	185.49	1.0	186.41	121.15	165.75	183.51	1.0	3.28	183.60	184.71	119.91	163.03	181.74	209.33	155.93	163.79
Italy (60)	93.43	1.3	93.90	61.02	83.49	114.29	2.3	1.52	92.19	92.75	60.22	81.86	111.74	93.43	57.88	62.04
Japan (469)	155.00	-0.9	155.77	101.24	138.51	101.24	-0.9	0.80	156.42	157.37	102.17	138.90	102.17	165.91	124.54	137.71
Malaysia (98)	471.19	6.1	473.54	307.75	421.04	488.61	6.3	1.20	444.20	446.88	290.13	394.44	459.68	621.63	293.40	294.84
Mexico (18)	1898.07	-0.6	1907.50	1239.66	1696.03	6979.69	-0.6	0.72	1909.45	1920.95	1247.11	1695.47	7018.18	2647.08	1431.17	1661.71
Netherland (26)	200.86	-0.3	201.86	131.19	179.49	176.83	0.4	3.18	201.46	202.67	131.58	178.89	176.18	207.43	163.30	170.79
New Zealand (14)	66.33	1.5	66.66	43.32	59.27	61.93	1.8	3.76	65.35	65.75	42.68	58.03	60.85	77.59	46.43	46.44
Norway (23)	195.17	1.4	196.14	127.47	174.40	197.15	2.0	1.68	192.52	193.68	125.74	170.95	193.36	208.42	150.61	156.52
Singapore (44)	334.39	2.8	336.06	218.41	298.81	241.13	2.9	1.62	325.33	327.30	212.49	288.89	234.41	378.92	228.08	228.28
South Africa (60)	214.21	4.2	215.27	139.90	191.40	249.78	-1.5	2.46	205.55	206.79	134.25	182.51	253.54	280.26	161.99	177.50
Spain (42)	142.38	-0.3	143.09	92.99	127.22	149.77	0.3	3.95	142.75	143.61	93.24	126.75	149.38	155.79	116.33	129.16
Sweden (36)	217.72	0.1	218.81	142.20	194.55	254.68	0.4	1.54	217.54	218.85	142.08	193.16	253.61	230.02	162.52	162.52
Switzerland (49)	162.05	-0.6	162.85	105.84	144.80	145.54	0.1	1.86	162.98	163.96	106.45	144.72	145.36	176.56	118.09	120.33
United Kingdom (205)	191.44	0.5	192.39	125.04	171.07	192.39	0.3	3.82	190.58	191.72	124.47	169.22	191.72	214.98	170.32	176.37
USA (520)	182.24	-0.5	183.14	119.02	162.84	182.24	-0.5	2.90	183.21	184.31	119.66	162.68	183.21	196.04	176.91	182.96
EUROPE (724)	168.15	0.0	168.99	109.82	150.25	162.03	0.3	2.87	168.21	169.23	109.86	149.36	161.53	178.58	141.58	145.40
Nordic (113)	208.29	0.2	209.33	136.04	186.12	213.37	0.6	1.34	207.93	209.18	135.80	184.63	212.07	220.60	154.29	154.29
Pacific Basin (750)	164.16	-0.3	164.98	107.22	146.69	111.83	-0.3	1.07	164.73	165.72	107.59	146.27	112.21	168.80	134.79	141.01
Euro-Pacific (1474)	165.67	-0.2	166.49	108.20	148.04	131.38	-0.1	1.83	166.03	167.03	108.44	147.42	131.47	170.78	141.98	142.68
North America (626)	178.95	-0.5	179.84	116.88	159.90	178.58	-0.5	2.89	179.85	180.93	117.46	159.69	179.51	192.73	173.70	179.23
Europe Ex. UK (519)	151.76	-0.3	152.51	99.12	135.61	142.98	0.3	2.30	152.27	153.18	99.45	135.20	142.56	155.73	122.37	126.12
Pacific Ex. Japan (281)	253.24	2.8	254.50	165.40	226.29	230.87	2.8	2.54	246.39	247.88	160.93	218.78	224.52	296.21	173.71	173.71
World Ex. US (1658)	166.09	-0.1	166.91	108.48	148.41	134.30	-0.1	1.84	166.33	167.34	108.64	147.69	134.43	172.51	142.94	143.31
World Ex. UK (1973)	168.42	-0.4	169.26	110.00	150.49	145.23	-0.3	2.05	169.03	170.05	110.40	150.09	145.69	175.58	152.41	153.64
World Ex. So. Af. (2118)	170.26	-0.3	171.10	111.20	152.13	148.62	-0.2	2.22	170.81	171.84	111.56	151.67	148.98	178.56	154.85	155.60
World Ex. Japan (1709)	180.68	0.0	181.58	118.01	161.45	177.52	0.0	2.83	180.71	181.79	118.02	160.46	177.47	195.20	165.70	166.87
The World Index (2178)	170.46	-0.3	171.30	111.33	152.31	149.43	-0.2	2.22	170.94	171.97	111.65	151.78	149.80	178.97	154.85	165.64

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Climbing together

Throughout the world, the amount of commercial business denominated in ECUs climbs every year.

And because LIFFE's Three Month ECU futures contract is the ideal way to hedge exposure to ECU money market rates, the number of contracts traded is climbing too.

During 1993 traded volume grew 128% and open interest 206%.

The Three Month ECU has the support of LIFFE's international membership and six major institutions act as designated market makers.

The designated market makers have recently strengthened their commitment to the contract by providing two-way prices on even more favourable terms.

For further information, please contact LIFFE's Business Development Department.

The following will continue to ensure liquidity as designated market makers for the Three Month ECU.

First Chicago Futures Inc
(acting on behalf of First National Bank of Chicago)

Istituto Bancario San Paolo di Torino S.p.A.

Kredietbank N.V.

Midland Global Futures/Div Midland Bank Plc
(acting on behalf of Midland Global Markets/ Div Midland Bank Plc)

NatWest Futures Limited
(acting on behalf of National Westminster Bank Plc)

UBS Futures & Options Limited
(acting on behalf of Union Bank of Switzerland)

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